

2017/2018

**1st DRAFT
ANNUAL
REPORT**



**DIPALESENG
LOCAL
MUNICIPALITY.**

Contents

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

It is a great pleasure and honour for me, to once more present the annual report to the community of Dipaleseng. The report covers the work done during 2017/18 financial year, which started in July 2017 to June 2018.

It is noteworthy to remember that 2016 was the election year for the local government. Ordinarily, I expected that the elections would be held before the end of the financial of 2017. The proclamation by the Minister of Cooperative Governance and Traditional Affairs, Mr. D Van Rooyen MP, that local government elections was to be held on the 3rd of August 2016, led to an overlap of the new financial year with the term of the outgoing councils by a month.

The global changing weather patterns led to water as early as in December 2016 countrywide. This has not only disrupted water supply in communities but has negatively affected the rural agricultural economy and raised the alarm of food security looking into the future. Water is life; we must use it sparingly and with care to preserve it for future generations.

I am not oblivious to the social ills resulting from poor performance of our economy in general and the struggling micro-economy in particular. This has continued to erode the revenue base of our municipality resulting in large numbers of indigent families, thus weighing heavily on the equitable share of the Municipality. Nonetheless this did not, and should not, deter us from keeping our commitments and the “oath of office” to serve our communities to the best of our abilities.

I am bound by our fledgling democracy to be accountable and responsive to the needs of our communities. I am also guided by the vision of the municipality in giving political direction and formulation of policies and strategies which will ensure sustainability and quality service delivery equitable in all communities in Dipaleseng.

I am ensuring that each year, assessment of the previous targets set, and performance thereof is rigorously done. Annually, the Councilors and Management hold a strategy workshop at which we revise, realign and adopt new strategies that the Council ultimately adopts.

The municipality guarantees a firm commitment towards good governance, accountability and efforts to extend to our people the benefits accruing from the resources of the municipality. I am pleased to present the Dipaleseng Local Municipality’s Annual Report for the 2017/2018 financial year.

The annual report outlines our achievements and challenges for the past financial year, reflecting our vision and plans for the communities’ future. Democratization of our beloved country-imposed imperatives that compel us to communicate and inform both internal and external role players who strengthen accountability to the people and deepening democracy in the quest for a developmental state.

Our Vision is to be a Centre of quality, affordable services, good governance and sustainable economic opportunities. **Our Mission is** informed by NDP, Provincial Growth Strategy and Back-to-Basic programme our mission to provide the best resource management capability at our disposal

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will be done through; a prosperous municipality that creates an enabling environment for shared economic growth and development

- Achieving effective and equitable service delivery
- Serving the community of Dipaleseng as a well-governed and effectively run administration.
- Contributing actively to the development of the town's environmental, human and social capital.
- Offering high-quality services to all who live in, or do business in Dipaleseng
- An efficient, effective and caring staff.

Further the Values of the Municipality are as follows:

- Transparency
- Community Centeredness
- Performance Excellence
- Honesty and Integrity
- Co-operative Governance

Although the municipality is still facing challenges with the developmental agenda as espoused in the IDP and the Mpumalanga Growth and Development Strategy, there is progress in achieving some of the goals we have set for ourselves. This has made us to be more resolute in proceeding with the developmental agenda and build the municipality that is responsive to the plight of the communities, accountable and better managed to bring a better life to all.

The municipality maintained an qualified audit opinion.

The Council will, after its strategic meeting, lay out the key strategic issues it will pursue in the coming five years in line with the major policy positions and developmental objections as set out in the IDP, MGDP and the NDP.

I believe that Dipaleseng Local Municipality will continue putting people first in its endeavors to fulfil its adopted Vision and mission.

The focus in the previous year was to tirelessly work towards the improvement of the audit opinion, which we regress. The municipality regress to a qualified audit opinion. Management should pay particular attention to deal with recurring audit findings.

Further strides are being made in addressing unemployment, poverty and inequality. The long-awaited project of a crusher plant and brick making has moved a step further. Risk Assessment to determine the safety of the mine dump if the material to make bricks was used from it was completed and found to be safe if closely monitored.

All capital projects we embarked upon in during the course of the year are either complete or are about to be completed. A few of our local contractors have also benefited from these projects, including Upgrading of Municipal Main Offices.

Part of the successes during the year under review is the installation of a bulk water pipeline from Grootvlei to Balfour to cater for the three nodal towns.

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Challenges still remain. Crime has set us back through stealing of cables and vandalism of an electric panel at the pump station. A permanent solution to the problem is being looked at.

Public Participation

Public Participation is the cornerstone of deepening the relationship between the communities and the municipality through improved community engagement mechanisms. Thus, the functionality of the Ward Committees and regular ward meetings are imperative.

Capacity building of the incoming Ward Committees will also be the main key in ensuring that our communities participate fully in the democratic processes and strengthening of the municipality.

Future Actions

We knew very well that once we were in government, we would be a government of all people, irrespective of their political affiliations. Therefore, at the core of our commitment to remain an open, honest, transparent and responsive government, relevant to everyone.

This political vision is derived from the electoral promises I made to the Dipaleseng community and committed to fulfil if I became the Executive Mayor once more they can be defined as follows:

1: To be Youth Biased

To priorities uplifting the youth through the creation of productive activities in an enabling environment, empowering them to participate and contribute towards the success of Dipaleseng.

2: Be an open, transparent, honest and responsive government

To be a trustworthy municipality that responds with efficiency and integrity and in the best interests of our people.

3: Grow the economy

To incubate an enabling business environment, this fosters job creation and is supportive of key sectors, in order to address inequality and improve standards of living.

4: Quality & standardized service delivery

Excellent service delivery for more people, with greater inclusiveness, delivered through improved efficiency and innovation.

5: Safe communities and environment

To create an environment safe from crime and which is proactive with respect to disasters.

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Conclusion

It has been a difficult year to render uninterrupted and quality service to our communities in Dipaleseng. However, we have under trying circumstances, delivered services to the majority of our communities.

We recognize the important role played by our citizens at the municipality. It is therefore fundamental that they collaborate and cultivate harmonious relations with the municipality to advance development and service delivery.

I must say that we remain committed to the principle of a responsive and accountable local government, a local government by the people, for the people.

Thank you

.....

Cllr ML Makhubu
Executive Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

The administration of Dipaleseng presents herewith the annual report for the financial year 2017/18. This is done partially in the discharge of our constitutional mandate to provide democratic and accountable government to the communities of Dipaleseng as required by section 152(1) of the Constitution. On the other part, the report is presented to enable the municipality to account on a whole range of matters including all the activities of the municipality during the financial year, our performance against pre-determined targets as well as to ensure accountability to the community that we serve as required by chapter 12 of the Local Government: Municipal Finance Management Act 56 of 2003 ("the MFMA"). It is against this background that the presentation of the annual report is to be understood and the significance thereof to be appreciated.

In the financial year 2017/18 other governance structures within the municipality such as the re-establishment of the Municipal Public Accounts Committee amongst others, in order to ensure, a clean, accountable, and responsive administration. Furthermore, an internal audit unit was also functional in the financial year under review to assist the Municipality accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

As a municipality, we also heeded the clarion call made by the Premier of Mpumalanga Province the Honourable Mr. DD Mabuza to all the municipalities within the province, to prioritize and accelerate all water and sanitation projects in the province. This in turn, would ensure that we eradicate the backlogs in our water and sanitation service delivery initiatives and to ensure the provision of clean drinking water and proper sanitation to all the communities that we serve.

Supported by the municipal council as lead by the Executive Mayor Hon. Cllr Makhubu, the municipality has been able to turn the tide of ailing service delivery around and our service delivery has impacted on the lives of many of our people. We would also hasten to add that we still have much work to do in the financial years that lie ahead. Large sections of our community are caught in the nationwide grip of unemployment and poverty. This in turn, has hampered the ability of the municipality to generate much needed revenue in order to enhance our service delivery initiatives.

It is for these reasons that we are determined to revive our efforts to create an environment that would stimulate our local economy through vigorous Local Economic Development programs ("LED") as well as greater engagement and involvement of other stakeholders such as our local business communities as well as other departments within the provincial and national spheres of government. As a result, The Local Economic Development Forum (LEDF) was resuscitated; for which its main aim is to jointly agree on a direction and guidance with all stakeholders and experts in the field of economic development within the Municipality.

The municipality obtained a qualified audit opinion with emphasis of matters from the Auditor General ("the AG") for the financial year under review 2017/18. We readily concede though, that the report of the AG was an accurate reflection of the state of the municipality and gave us crucial pointers on the areas where more effort was required in order to improve our municipality for the benefit of our communities. Indeed, the report of the AG did set the tone as we surged ahead with our efforts to meet the call for operation clean audit by 2019.

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The Auditor-General highlighted amongst other matters, deficiencies in certain areas, as highlighted in the Audit Report. It is regrettable that some of these deficiencies have been happening in previous years. A proper Remedial Action Plan has been developed to address all deficiencies pointed out by Auditor-General.

As the municipality, we have observed a steady decline in debt collection. Thus, it is the municipality's duty to educate consumers as the importance of paying for services that we provide, in an effort to achieve sustainability with regards to service support. We budgeted for income amounting **R 199 925 835** and expenditure of **R 213 355 010**. By the close of books at the end of the year we have obtained an income of **R 335 503 419** and we spent **R 233 381 379** giving us a surplus **R 102 122 040**.

Statements of revenue collection performance by vote and by source are included at Appendix K.

The municipality undertook a Risk Assessment workshop with the ultimate goal to develop a Risk Register. Eight (8) strategic risks were identified and measures to mitigate those risks were identified and noted. Unfortunately, through lack of a Risk Officer, the municipality faces a challenge of not addressing risks being identified.

We are truly indebted to the entire political leadership under the guidance of the Executive Mayor for the unrelenting guidance and support that they have given to the municipality. We also appreciate the unwavering support from the provincial government led by the Honorable Premier, as well as our sister departments at both the provincial and national level. We also appreciate the support from our community and all stakeholders both in the business sector as well as other sectors and interest groups in our communities.

Thank You.

Mr PI Mutshinyali
Municipal Manager

Chapter 1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

BACKGROUND DATA

1.2.1 MUNICIPAL OVERVIEW

Dipaleseng Municipality is composed of the following hubs: Greylingstad/Nthorwane, Grootvlei and Balfour/Siyathemba where the main Office is situated. The Municipality's main economic focus for turning around the local economy is through Agriculture, mining and tourism (Nature reserve) and agro processing industries.

Community consultation as championed by the Speaker's Office, Cllr Nkosi and Mayor's Office, Cllr. Makhubu is at the heart of good governance in the Municipality to enhance community participation and informed decision making. As a result, the 2017/18 financial year has seen Dipaleseng Municipality expanding its service delivery in terms of infrastructure development through Paving of gravel roads, Construction and Rehabilitation of Roads of community library and Upgrading of MV Systems, Provision of Sewer Reticulation Ext and Establishment of landfill site spent 100% on MIG.

The Dipaleseng Municipality continued with its mandate to create jobs to its local community through EPWP projects as outlined in the report. During the IDP/Budget process our community has again given the municipality a mandate to continue to implement projects in line with Government priorities, hence the infrastructure development has again come out as the main priority of the municipality. With all these achievements, the municipality has advertised the post for the Director Infrastructure Services.

The Municipality's sewerage system in Greylingstad is still managed through a suction tanker. The municipality has since the completion of the sewer project allocated budget on annual basis for revamping of the streets damaged during construction. The main challenge the municipality is facing in all areas is shortage of water.

1.2.2 A short description of the municipality

Dipaleseng Local Municipality is situated in the south-eastern part of Mpumalanga Province, abutting Gauteng Province in the south-west; approximately 90km east of Johannesburg and 350km south-west of Nelspruit (capital city of Mpumalanga).

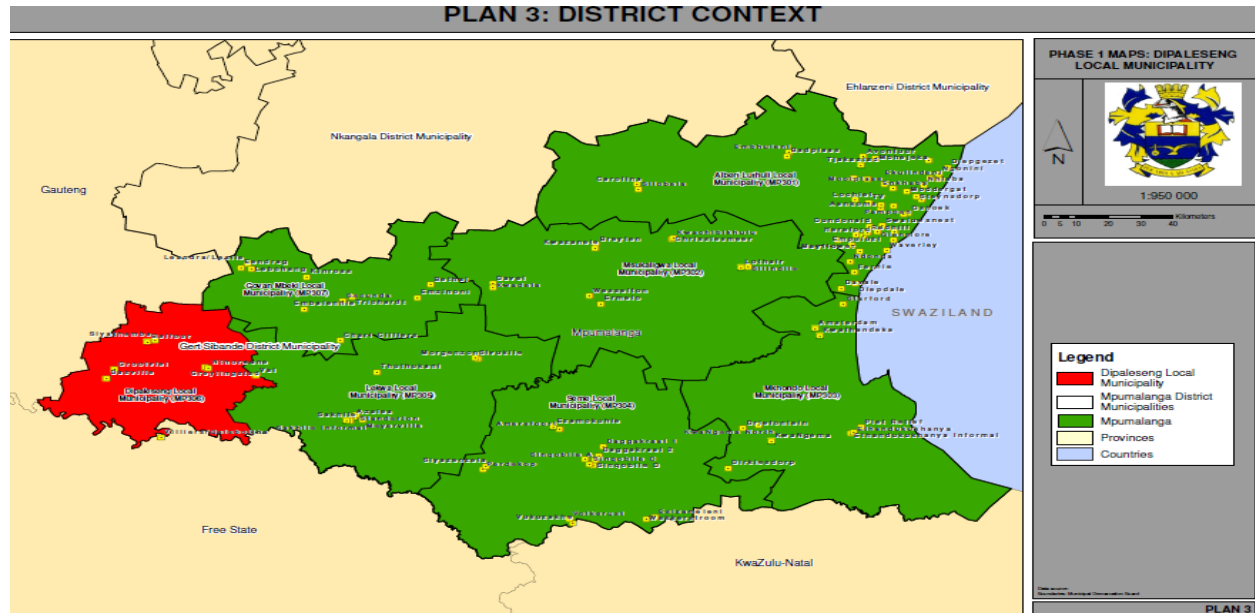
It is one of the (7) local municipalities under the jurisdiction of Gert Sibande District (the other districts being Ehlanzeni and Nkangala) and one of the 18 local municipalities within Mpumalanga. The municipality consists of 03 nodal towns and is structured into 06 wards.

The breakdown of wards details are as follows:

| WARD INFORMATION | |
|------------------|---|
| WARD | EXTENSION/SECTION |
| 01 | The ward consists of various extensions of Siyathemba including central portion of Ext 1, Ext 4 and Ext 5 and more than 300 km ² of rural farm land which is used for commercial farming purposes. |
| 02 | The ward consists of the central of Siyathemba, 50% of Ext 2, Ext 3 as well as a small rural areas used for commercial farming purposes. |
| 03 | The ward consists of the following areas the whole of Balfour Ext 1&2, Greylingstad and surrounding commercial farming settlements on the East, South and West. |
| 04 | The ward consists of portion of Siyathemba central Ext1, 50% of Ext 2, Ext 6, Ext 7 and Lindukuhle settlements |
| 05 | The ward consists of Grootvlei Ext 1 & 2 and surrounding commercial farming land |
| 06 | The ward consists of Nthorwane, Zenzele and surrounding commercial farming land |

Chapter 1

Figure 1.1: Dipaleseng Local Municipality map



Dipaleseng Municipal area is one of the smaller municipal areas in terms of land area, and characterized by contrasts such as varied topography, population densities (low in the south, relatively dense in the north-east), prolific vegetates in the south (timber) and sparse in the north (bushveld). Although resources within the boundaries of the Municipality are scarce, the proximity of natural resources (dams, tourist's attractions, intensive economic activity, and nature reserves) to the borders of the municipality creates the opportunity for Capitalization.

The “gates” to the municipal area are considered to be Greylingstad in the East and Grootvlei in the south. The land area of Dipaleseng Municipality extends over approximately 2618km². The Dipaleseng Municipality incorporates the proclaimed towns of Balfour/Siyathemba, Greylingstad/Nthorwane and Grootvlei, situated in the extreme East and south of the municipal area, there are also surrounding commercial farming communities within the municipal area.

1.2.3 Social Analysis

The socio-economic analysis will focus on the population size, age and gender profiles as well as the educational levels of the population. Information on the Socio-economic status of Dipaleseng Municipality was mainly gathered from census conducted by STATSSA in 2011. The majority of the municipal population is indigents.

Chapter 1

1.2.4 Population and Household Size

Table 1.1: Population distribution in terms of Gender and Age Group

| Population | | Households | |
|-------------------------------|-----------------------|-------------|-----------------------|
| Census 2011 | Community Survey 2016 | Census 2011 | Community Survey 2016 |
| 42 390 | 45 232 | 12 637 | 13 190 |
| Source: Statistic SA /CS 2016 | | | |
| T 1.2.2 | | | |

1.2.5 Age and Gender Profile

Figure 1.2.2 Population distribution in terms of gender and age group

Table 1: Population

| Population | | | | | | | | | |
|-------------------------------|---------|--------|--------|---------|--------|-------|---------|--------|-------|
| Age | 2014/15 | | | 2015/16 | | | 2016/17 | | |
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Age:0-4 | 2350 | 2667 | 5017 | 2400 | 2700 | 5100 | 2400 | 2790 | 5190 |
| Age:5-9 | 2380 | 2750 | 5130 | 2420 | 2800 | 5220 | 2480 | 2810 | 5290 |
| Age:10-19 | 2940 | 2554 | 5494 | 3210 | 2650 | 5860 | 3000 | 2754 | 5754 |
| Age:20-29 | 5120 | 5780 | 10 900 | 5300 | 5850 | 11150 | 5240 | 5916 | 11156 |
| Age:30-39 | 3520 | 4180 | 7700 | 3600 | 4500 | 8100 | 3710 | 4650 | 8360 |
| Age:40-49 | 3145 | 3570 | 6715 | 3335 | 3610 | 6945 | 3240 | 3680 | 6920 |
| Age:50-59 | 812 | 890 | 1702 | 820 | 900 | 1720 | 911 | 980 | 1891 |
| Age:60-69 | 650 | 690 | 1340 | 660 | 700 | 1360 | 700 | 865 | 1565 |
| Age:70 | 250 | 320 | 525 | 330 | 600 | 930 | 380 | 456 | 836 |
| Source: Statistic SA /CS 2016 | | | | | | | | | |
| T 1.2.2. | | | | | | | | | |

Table 2: Socio-economic status

| Socio Economic Status | | | | | | |
|-----------------------|---|-------------------|---|--|---------------------|---------------------------------------|
| Year | Housing Backlog as proportion of current demand | Unemployment Rate | Proportion of Households with no Income | Proportion of Population in Low-skilled Employment | HIV/AIDS Prevalence | Illiterate people older than 14 years |
| 2017/18 | 35% | 27,5 | 45% | 35% | 30% | 23% |
| 2016/17 | 35% | 27,5 | 45% | 35% | 30% | 23% |
| 2015/16 | 32% | 37% | 40% | 30% | 35% | 25% |
| Source: Statistic SA | | | | | | |
| T 1.2.4 | | | | | | |

Chapter 1

Table 3: Neighborhoods

| Overview of Neighbourhoods within “Dipaleseng Local Municipality 2017/18 | | |
|--|---------------|---------------|
| Settlement Type | Households | Population |
| Towns: | | |
| : Balfour | 2500 | 3806 |
| : Grootvlei | 1800 | 6694 |
| : Greylingstad | 950 | 1631 |
| | | |
| Sub-Total | 5250 | 12 131 |
| Townships | | |
| Siyathemba | 6500 | 20 100 |
| Nthorwane | 2300 | 7876 |
| | | |
| Sub-Total | 8800 | 27 976 |
| Rural Settlements | | |
| Sthandiwe | 50 | 2450 |
| | | |
| | | |
| Sub-Total | 50 | 2450 |
| Informal Settlements | | 3995 |
| Siyathemba | 3000 | 1200 |
| Nthorwane | 1500 | |
| Phomolong | 1000 | 2876 |
| Sub-Total | 5500 | 6871 |
| Total | 13 190 | 45 232 |
| Sero report: 2016 | | T.1.2.6 |

Table 4: Natural resources

| Natural Resources 2017/18 | |
|---------------------------|---|
| Major Natural Resource | Relevance to Community |
| Gold and Coal | Socio- economic benefits as per mineral and Resources |
| Sero report: 2016 | |
| T.1.2.6 | |

1.3. SERVICE DELIVERY OVERVIEW

INTRODUCTION TO SERVICE DELIVERY OVERVIEW

The success of local economic development is tied to the provision of basic and other types of infrastructure services to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development (as per LED). Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy, housing provision, roads and public transport, waste management and telecommunications – all of which underpin socio-economic development and determine the people's quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the district.

Figure 1: Proportion of Households with Access to Basic Services

| Proportion of Households with minimum level of Basic services | | | |
|---|---------|---------|---------|
| | 2015/16 | 2016/17 | 2017/18 |
| | 78% | 79% | 79% |
| | 88% | 95% | 98% |
| | 74% | 78% | 79% |
| | 86% | 90% | 72% |
| 90% | | | |

Comments on access to basic services:

The above still remain a challenge but it is being driven under the Gert Sibande District Municipality (GSDM), DLM, MIG and INEP capital programme to address the current backlogs within the municipality.

Chapter 1

1.4. FINANCIAL HEALTH OVERVIEW

INTRODUCTION ON FINANCIAL HEALTH OVERVIEW

The municipality is one of the small growing municipalities in the country within the average of 3.3 % Population growth; this is also placing additional pressure on our resources. During the year our budget expectations were fully realized. We budgeted for income amounting **R199 925 835** and expenditure of **R 213 355 010**. By the close of books at the end of the year we have obtained an income of **R 335 503 419** and we spent **R 233 381 379** giving us a surplus **R 102 122 040**.

In the 2016/17 the municipality obtained an Unqualified Opinion with matters from the Auditor General. It should be mentioned that the Auditor General this year not only concentrated on financial matters but mainly focused on performance management, thereby ensuring that all service delivery objectives are fully implemented.

Table 5: Financial Overview

| Financial Overview: 2017/18 | | | |
|-----------------------------|-----------------|-------------------|---------|
| | | | R' 000 |
| Details | Original budget | Adjustment Budget | Actual |
| Income: | | | |
| Grants | 64,313 | 64,313 | 197,623 |
| Taxes, Levies and tariffs | 105,630 | 105,630 | 110,731 |
| Other | 29,983 | 29,983 | 27,150 |
| Sub Total | 199,926 | 199,926 | 335,503 |
| Less: Expenditure | 213,355 | 227,355 | 233,381 |
| Net Total * | (13,429) | (27,429) | 102,122 |
| * Note: surplus/(defecit) | | | T 1.4.2 |

Table 6: Operating ratios 2017/18

| Operating Ratios 2017/18 | |
|------------------------------|---------|
| Detail | % |
| Employee Cost | 28% |
| Repairs & Maintenance | 1% |
| Finance Charges & Impairment | 3% |
| | T 1.4.3 |

Comment on operating ratios:

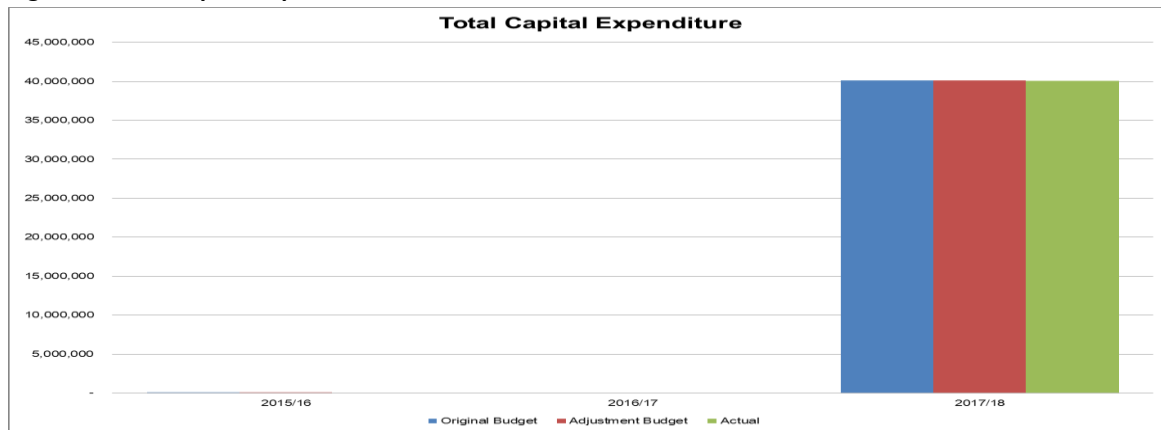
Employee costs constituted 27% of the total operating budget. Repairs and maintenance amounted to 2% but the figure only includes materials. Although the percentage is below the norm, there are major repair and maintenance backlogs. Overall, the municipal assets are not in good state. Finance charges and redemption contributes 18% to total operating costs. The national norm in this regard is 1% of the operational budget.

Chapter 1

Table 7: Total capital expenditure

| Total Capital Expenditure: 2017/18 | | | |
|------------------------------------|---------|---------|------------|
| | | | R'000 |
| Detail | 2015/16 | 2016/17 | 2017/18 |
| Original Budget | 59,143 | 21,645 | 40,122,200 |
| Adjustment Budget | 70,143 | 24,959 | 40,122,200 |
| Actual | 25,374 | 37,847 | 40,069,338 |
| | | | T 1.4.4 |

Figure 2: Total Capital Expenditure



1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Dipaleseng Local Council had reviewed the Organisational Structure and approved by Council in July 2017 with the further view of initiating a process of benchmarking with the Emakhazeni Local Municipality for the purposes of implementing the SALGBC Collective Agreement on the Wage Curve.

The municipality also submitted the 2015 Employment Equity Report to the Department of Labour and further reviewed the 5-Year Employment Equity Plan for implementation. The municipality also implemented the National Treasury Requirements on Minimum Competency Requirements in terms of National Treasury Regulation No. 493 – gazetted on 15 January 2007.

The Councillors and other officials completed the unit standards leading to the Certificate in Municipal Finance Management qualification (SAQA ID No. 48965) on NQF 6. Councillor training included enrolment in the FET Certificate in Leadership as well as the Advanced Municipal Governance Certificate for members of Council.

Chapter 1

1.6. AUDITOR GENERAL REPORT

The municipality received a qualified audit opinion for the 2017/18 Financial Year with findings on performance management, internal control deficiencies and supply chain management.

Chapter six (6) of this document contain more detail on the audit opinion and attachment clearly indicating steps to be taken in addressing and maintaining qualified audit opinion.

1.7. STATUTORY ANNUAL REPORT PROCESS

See attachment on Annual report chapter 6

| STATUTORY ANNUAL REPORT PROCESS | | |
|---------------------------------|--|---------------------|
| NO | Activity | Time Frame |
| 1 | Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget / IDP implementation period | July |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year Financial reporting). | |
| 3 | Finalise the 4th quarter Performance Report for previous financial year | |
| 4 | Submits draft Annual Report including Annual Financial Statements and Performance Report to Auditor General | August |
| 5 | Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase | |
| 6 | Auditor General audits Annual Report including Annual Financial Statements and Performance data | September - October |
| 7 | Municipalities receive and start to address the Auditor General's findings | |
| 8 | Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input | |
| 9 | Receive management letter and provide final comments on findings | November |
| 10 | Auditor-General submit audit opinion. | |
| 11 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report | January |
| 12 | Audited Annual Report is made public and representation is invited | February |
| 13 | Oversight Committee assesses Annual Report | |

Chapter 1

| | | |
|----|--|-------|
| 14 | Council adopts Oversight Report | March |
| 15 | Council table next financial year Budget / IDP and invite public representation | |
| 16 | Oversight Report is made public | April |
| 17 | Oversight Report is submitted to relevant national & provincial stakeholders and Legislature | |
| 18 | Council approve next financial year Budget / IDP | May |
| 19 | Make public approved Budget and IDP | June |
| 20 | Finalize SDBIP and Performance Agreements for next financial year. | |
| 21 | Make public SDBIP and Performance Agreements. | July |

Comment on the Annual Report Process:

One of the main features about the planning process undertaken by the Dipaleseng Local Municipality is the involvement of community and stakeholder organisations in the process. Participation of affected and interested parties ensures that the IDP addresses the real issues that are experienced by the community members of the municipality. The municipality has established six (6) functional ward committees to further strengthen community engagement with the Municipality.

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Constitution Section 151 (3) states that the municipal Council has the right to govern on its own initiative the local government affairs of the community.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution Section 151(3)(a) stipulates the developmental duties of the municipality and states that the municipality must structure and manage its administration as well as planning and budgeting processes to give priority to the basic needs of the community and to promote socio-economic development.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Dipaleseng Local Municipality (DLM) is a Category B municipality and has an executive mayoral system. The municipality is governed by two distinct but complementary structure namely the Executive Council headed by the Executive Mayor and Administration lead by the Municipal Manager, comprise of five Directorates in terms of section 56 of the municipal systems act.

Following the **2016** municipal elections, Council comprised of 12 elected councillors chaired by the Speaker comprising of six (6) ward councillors and six (6) proportional representation councillors. Each of the six (6) ward councillors chairs a ward committee as part of the Ward Participatory System that brings participation down to community level.

Ward councillors play a central role in the communication process between the communities they represent. The Council reports back regularly through ward meetings and assists the community to identify needs and priority areas of development which feeds into the municipality's planning processes. The municipality further established the Budget & IDP Representative as well as Steering Committees for purposes of consultation during the strategic planning process, and also has a Local Labour Forum (LLF) for consultation with labour.

Council further has the Rules and Ethics Committee; Geographical and Place Names Committee; Municipal Public Accounts Committee (MPAC) as well as the Policy and By-Laws Committee established in terms of Section 79 of the Municipal Structures Act of 1998. The following Section 80 Committees exists to assist the Mayoral Committee: Budget & Treasury Committee; Corporate Services Committee; Community Services and Public Safety Committee; Planning and Economic Development Committee as well as the Infrastructure Committee. Each of the Section 80 Committees is chaired by a Member of the Mayoral Committee whilst Section 79 Committees are chaired by a member of Council.

Chapter 2

The system of governance is underpinned by existing Council Standing Rules of Order as well as a Council Delegation Register to ensure that the relevant stakeholders are enabled to deliver on their respective mandates.

| POLITICAL STRUCTURE | |
|--|--|
| SPEAKER Cllr: KB Nkosi | Chairperson of Council |
| EXECUTIVE MAYOR Cllr: ML Makhubu | Responsible for performing Council's executive functions |
| MEMBERS OF THE MAYORAL EXECUTIVE COMMITTEE: | |
| Cllr MD Khanye | MMC: Infrastructure Services and PED |
| Cllr ZS Ngwenya | MMC: Corporate Services and Community Services |
| WARD COUNCILLORS: | |
| Ward 1 | Cllr SME Nhlapo |
| Ward 2 | Cllr KB Nkosi |
| Ward 3 | Cllr PM Mokoena |
| Ward 4 | Cllr ML Makhubu |
| Ward 5 | Cllr AK Nyamade |
| Ward 6 | Cllr TJ Mahlangu |
| PROPORTIONAL COUNCILLORS | |
| | |
| Cllr MD Khanye | |
| Cllr ZS Ngwenya | |
| Cllr LM Maruping | |
| Cllr BN Nkosi | |
| Cllr FS Dlamini | |
| Cllr DW Davel | |

POLITICAL DECISION-TAKING

Council is chaired by the Speaker. Policy decisions and resolution are taken by the Council per recommendation from the Executive Mayor. The Executive Mayor and two mayoral committee members are required to execute council resolutions and to resolve on matters delegated to the Executive Mayor by Council. Reports regarding policy matters and non-delegated administrative matters are prepared by the administration and submitted to the Mayoral Committee together with recommendations from the Municipal Manager. At the Mayoral Committee such reports are considered and recommendations or resolutions formulated by the Executive Mayor from subsequent submission to the Council.

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Dipaleseng top leadership under the Municipal Manager (Accounting Officer in terms of the MFMA and Head of Administration in terms of the Municipal Systems Act) directs the municipal administration, making input into the IDP/Budget as well as develop and implement strategies and plans needed to give effect to the IDP. The functions executed by the Municipal Manager are in terms of the Council approved Delegation Registration as well as legislation, i.e. the MFMA, Municipal Systems Act, etc. During March 2016 the Municipal Manager was seconded to Provincial Cogta and an acting Municipal Manager was appointed.

Table 8: Administrative posts top leadership

| TOP ADMINISTRATIVE STRUCTURE | |
|--|--|
| Position | Function |
| Municipal Manager: TC Mametja (till October 2018 -Acting) IP Mutshinyali (From November 2018) | Administrative Head & Accounting Officer |
| Chief Financial Officer: Ms A Ngema(till April 2018) Mr S Phiri (till October 2018-Acting) Mr C Letsoalo (from November 2018) | Provide and manage financial services to ensure financial viability, compliance and reporting. |
| Director Planning and Economic Development: Ms L Makaya (till May 2018) Mr. CT Myeza June 2018) | Provide and manage statutory town planning and integrated human settlement |
| Director Community Services & Public Safety: Mr IV Madonsela (June 2018) Ms MT Mngomezulu (July 2018- Acting) BN Khanye(from August 2018) | Render integrated community services to all its communities |
| Director Corporate Services: BS Ntuli (April 2018- Acting) TP Mokoena from (May 2018) | Provides corporate services to ensure efficient support of organisational processes |
| Director Infrastructure Services: SI Ramarembela [till July 2017-Acting) LM Msibi [from August 2017] | Provisioning of infrastructure development, maintenance and service delivery to ensure sustainable services to all communities |

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The purpose of intergovernmental relations is to achieve the constitutional mandate for local government by mobilizing resources and strategic partnerships which will ensure co-operation and coordination by all stakeholders (National, Provincial and Local) to ensure service delivery to the residents of the municipality to ensure a better quality life for all.

NATIONAL INTERGOVERNMENTAL STRUCTURES

- ❖ **National Treasury** – Co-ordinates the development of the Local Government fiscal framework applicable to municipalities within the context of the Division of Revenue Act. It manages the development of the Local Government Equitable Share formula and ensures compliance with the MFMA to modernise local government budgeting and financial management processes and practices. Provides assistance to improve financial governance and to maximize municipal capacity to deliver services through efficiency, effectiveness and sustainability, and by dealing with corruption. They set-up the accountability cycle by ensuring proper linkages between IDPs, Budgets, SDBIPs, In-Year reports, Annual Financial Statements, Annual reports, Oversight reports and Audit reports
- ❖ **The Department of Cooperative Governance and Traditional Affairs (COGTA)** – Develop various policies, guidelines to enable sustainable development to eradicate poverty and developed a service-orientated culture that requires the active participation of the wider community. Community inputs are essential to improve on integrated development planning and service delivery. Linked to this is the establishment of performance management which is a crucial mechanism to improve living conditions for all citizens.
- ❖ **South Africa Local Government Association (SALGA)** – Is the national representative body of local government and has a constitutionally defined mandate. It responds to challenges facing organized local government and addresses past weaknesses

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

- ❖ **OFFICE OF THE PREMIER** – Focuses on co-operative and good governance through the provision of advice and information, co-ordination, monitoring and support to local government.
- ❖ **PROVINCIAL TREASURY** - The functions of provincial treasuries are to • promote co-operative government among role-players and assist National Treasury in implementing the MFMA, monitor municipal budgets and outcomes, analyse in-year reports and take intervention measures to assist municipalities which breach the MFMA. Provincial Treasury has established various units to assist and monitor the municipality. These units specialized in revenue enhancement, assets, accounting standards, and in-year reporting. Through the Munimec meeting and Technical Munimec meetings various municipal issues in the province are discussed to formulate solutions and plans to improve governance and service delivery. These meetings were conducted quarterly during the financial year.
- ❖ **COGTA MPUMALANGA** – To assist and provide guidance to build clean, effective, efficient, responsive and accountability local government. Strengthen partnerships between local government and communities and ensure municipalities meet its mandate to provide basic services.

Chapter 2

- ❖ **SALGA-** is the official representative of local government; an employer's organization for all municipalities, and sits as the employer in the South African Local Government Bargaining Council.

DISTRICT INTERGOVERNMENTAL STRUCTURES

- ❖ The Gert Sibande District Municipality has a supporting role to play in the planning and coordinating of activities within their boundaries to ensure the provision of services in the district. It is therefore imperative that the capital allocations from the district is based on community needs. These projects are implemented by the district municipality and transferred to the municipality on completion. For the financial year under review projects to the value of R12.997 million were transferred to the municipality.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The following is done by the municipality to ensure widespread and conducive stakeholder participation and accountability:

- ❖ Media such as the local newspapers, ward community meetings, national radio stations (Lesedi FM, Ukhosi FM) municipal bills, local communicator's forum etc, are utilised to inform communities and stakeholders on Council's activities.
- ❖ All messages/information is conveyed in a language/s understood by the general community.
- ❖ The venues and times for public meetings are well communicated. Furthermore, the municipality ensures that meetings are held at such times that all stakeholders can attend.
- ❖ Adequate time is allowed to community, representatives of organizations and business to report to their relevant forums and make inputs.
- ❖ Council meetings are open to the public and residents are invited to attend. Important documents such as IDP, Budget, Valuation roll etc. are available at all public libraries within the municipal area.
- ❖ Ward committee and ward community monthly and quarterly meetings are convened and serve as a platform for interaction, engagement and sharing of information.
- ❖ Various forums' exists on local, district and provincial level.
- ❖ CDWs act as the link between government and the community

Chapter 2

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

On a regular basis, the municipality engages the community at consultation meetings in an endeavor to provide feedback on progress in relation to the level of development and to gather inputs from communities in relation to service delivery needs and to disseminate information on the roles and responsibilities of the municipality.

The ward committee structures are used to narrow the gap between the municipality and communities, since ward committees have the knowledge and understanding of the residents and communities they represent. Community Development Workers (CDWs) act as a link between accessing communities in relation to community development initiatives/ programmes.

The IDP forum is constituted by Councillors representatives from business organisations, mining companies, NGOs/ CBOs, government departments, agricultural organizations, parastatal organizations, and stakeholder representatives of unorganized groups. The representatives are given an opportunity to represent community interests and contribute knowledge and ideas, building consensus and support for the planning process itself, and ensuring a broader ownership of the outcomes.

Both the IDP and Multi-year Budget process for the period 2017/18 was open for comment by the public. The documents were available for inspection at all municipal libraries, and the municipal website, www.dipaleseng.gov.za

WARD COMMITTEES

The purpose of the ward committee system is to provide a channel for public participation and general interaction between community and council.

The municipality has an intensive community consultation process that is done at a ward level in line with the community based planning approach. This process stimulates participatory governance by affording community members a fair opportunity to deliberate on issues affecting them in their respective wards. Furthermore, this approach was implemented to inevitably include the local community in decision-making, planning and generally allowing them to play an active part in their own development.

Chapter 2

Public Meetings

Table 9: public meetings

| PUBLIC MEETINGS | | | | | | |
|-------------------------------------|--------------------|---|--|---------------------------------------|---------------------------|---|
| Nature and purpose of the meeting | Date of the Events | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community Members Attending | Issues addressed (Yes/No) | Dates and manner of feedback given to community |
| Monthly Ward Committee Meeting | Monthly | 12 | 4 | As per attendance register[60] | Yes | Feedback given through quarterly ward meetings |
| Quarterly Ward Consultation Meeting | Quarterly | 12 | 12 | As per attendance register | Yes | Feedback given through quarterly ward meetings |
| Council Meeting | Quarterly | 12 | 23 | As per attendance register | Yes | Feedback given through quarterly ward meetings |
| IDP & Budget Consultation Meeting | Annually | 12 | 46 | As per attendance register | Yes | Feedback given through quarterly ward meetings |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| T 2.4.3 | | | | | | |

Comments on the effectiveness of public meetings:

- Section 16(1) of the Municipal Structures Act, no 32 of 2000 makes a provision for a Municipality to create an opportunity to encourage the local community to participate in municipal matters.
- The Dipaleseng Municipality places more emphasis on public participation to ensure successful engagements with communities, and to ensure that the needs of the communities are responded to and addressed as reflected in the IDP.

Chapter 2

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 10: IDP participation and alignment criteria

| IDP Participation and Alignment Criteria*2017/18 | Yes/No |
|--|---------|
| Does the municipality have impact, outcome, and input indicators? | Yes |
| Does the IDP have priorities, objective, KPI, development Strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate into a score? | Yes |
| Does the budget align directly to the KPI's in the strategic plan? | Yes |
| Do the IDP KPI's align to section 56/57 Managers? | Yes |
| Do the IDP KPI's lead to functional area KPI as per the SDBIP? | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes |
| *Section 26 of Municipal Systems Act 2000 | T 2.5.1 |

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The municipality has made great strides in ensuring open, democratic and accountable governance. Working together with all our constituencies, significant advances have been achieved in the realisation of our objective to ensure good governance and sound administration. The establishment of a Municipal Committee on Public Accounts (MPAC), amongst others, bears testimony to this.

2.6 RISK MANAGEMENT

A risk register was developed in the June 2017

The effective management of risk is prioritized to ensure that business risks across the organisation are identified and managed on an on-going basis for the achievement of the municipality's "vision to become the leading community driven municipality in the provision of sustainable services and developmental programmes". The risk categories have been aligned to the strategic objectives in order to identify those risks that directly affect and/or impede the municipality ability to achieve those strategic and business objectives.

During the risk assessment process management has taken into account the following eight (8) Key Performance Areas (KPA's):

1. Poor revenue collection
2. Inadequate provision of sustainable and affordable basic services
3. Ineffective good governance and poor participation by the Stakeholders
4. Poor Implementation Plan
5. Insufficient economic growth and development
6. Inability to create conducive conditions for employees to perform
7. Inability to create a conducive and habitable environment
8. Inability to create integrated social development

Chapter 2

2.7 ANTI-CORRUPTION AND FRAUD

An anti – Corruption and fraud Strategy was developed and adopted by Council during January 2017.

2.8. SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The MFMA recognises supply chain management as a crucial component of municipal financial management. The efficiency and effectiveness of the procurement function has a large impact across a municipality. All related policies and legislative requirements were reviewed and updated accordingly. It is still the intention of the Budget and Treasury office in 2017/18 to further entrench these principles to support the effectiveness of this department.

The implementation of Supply Chain Management brings about fundamental changes in the procurement process in the Municipality. The Accounting Officer has appointed bid committees as indicated: Bid Specification, Evaluation and Adjudication Committees legislated in terms of the MFMA to assist in the execution of the supply chain management function. Challenges experienced in SCM will be addressed in the Remedial Action Plan,

2.9 BY-LAWS

Table 11: New by-laws

| By-laws Introduced during 2017/18 | | | | | |
|---|---------|--|-------------------------------|----------------------------|---|
| Newly Developed | Revised | Public Participation Conducted Prior to Adoption of By-Laws (Yes/No) | Dates of Public Participation | By-Laws Gazetted* (Yes/No) | Date of Publication |
| Spatial Planning and Land use management by-law | n/a | Yes | 21 June 2015 | 22 April 2016 | Spatial Planning and Land use management by-law |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| *Note: See MSA section 13. | | | | T 2.9.1 | |

Comment on by-laws:

One by-laws was developed in the year under review

Chapter 2

2.10 WEBSITES

Table 12: Municipality website

| Municipal Website: Content and Currency of Material 2017/18 | | |
|--|----------|-----------------|
| Documents published on the Municipality's / Entity's Website | Yes / No | Publishing Date |
| Current annual and adjustments budgets and all budget-related documents | Y | |
| All current budget-related policies | Y | |
| The previous annual report (Year -1) | Y | |
| The annual report (Year 0) published/to be published | Y | |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards | Y | |
| All service delivery agreements (Year 0) | Y | |
| All long-term borrowing contracts (Year 0) | N/A | |
| All supply chain management contracts above a prescribed value (give value) for Year 0 | Y | |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1 | Y | |
| Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | N/A | |
| Public-private partnership agreements referred to in section 120 made in Year 0 | N/A | |
| All quarterly reports tabled in the council in terms of section 52 (d) during Year 0 | Y | |
| <p><i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i></p> | | |
| T 2.10.1 | | |

Comment on municipal website content and access:

- During the year under review the website was not fully operational and this challenge is being addressed by the Corporate Services department.
- According to the MFMA S75, the following information must be placed on the website of municipalities:
 - The annual and adjustments budgets and all budget-related documents;
 - all budget-related policies;
 - the annual report;
 - all performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act;
 - all service delivery agreements;
 - all long-term borrowing contracts;
 - all supply chain management contracts above a prescribed value;
 - an information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the previous quarter;
 - contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section;
 - public-private partnership agreements referred to in section 120;
 - all quarterly reports tabled in the council in terms of section 52(d); and

Chapter 2

- (l) any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.
- A document referred to in subsection (1) must be placed on the website not later than five days after its tabling in the council or on the date on which it must be made public, whichever occurs first.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

No formal satisfaction survey was conducted during the current **2017/18** financial year

| Satisfaction Surveys Undertaken during 2017/18 | | | | |
|---|---------------|-------------|---------------------------------|---|
| Subject matter of survey | Survey method | Survey date | No of people included in survey | Survey results indicating satisfaction or better (%)* |
| Overall satisfaction with: | n/a | n/a | n/a | n/a |
| (a) Municipality | | | | |
| (b) Municipal Service Delivery | | | | |
| (c) Mayor | | | | |
| Satisfaction with: | | | | |
| (a) Refuse Collection | | | | |
| (b) Road Maintenance | | | | |
| (c) Electricity Supply | | | | |
| (d) Water Supply | | | | |
| (e) Sanitation | | | | |
| (f) Information supplied by municipality to the public | | | | |
| (g) Opportunities for consultation on municipal affairs | | | | |

T2.11.2

Comment on satisfaction levels:

No survey was conducted during the period under review

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

The provision of basic services to the community determines a person's quality of life, and has a potential to boost socio-economic development. The supply of free basic services to all households remains a challenge for the municipality operating under severe financial constraints. Backlogs have remained high in the delivery of waste management and sanitation as well as water which has been impacted by the current state of existing infrastructure as well as the high number of rural communities and the increasing number of informal settlements. Levels of service delivery provided by the Dipaleseng Local municipality are as follows:

1. Water

Access to water at the minimum basic level of service is defined as the installation of piped water at the minimum radius of 200m (stand pipe) with the highest level of service relating to full internal house connection.

2. Sanitation

Access to sanitation at basic level entails the dry sanitation in the form of VIP with ventilated pipe, septic tank system and up to the highest level of service which is the full water borne system.

3. Electricity

Access to basic service of electricity (lighting) and taking consideration free 50Kw basic service for registered indigents.

4. Roads

Provision of roads includes gravel roads with proper storm water drainage up to high level of service which is a paved/tarred road with storm water system.

SERVICE DELIVERY PERFORMANCE (PERFORMANCE PART 1) COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

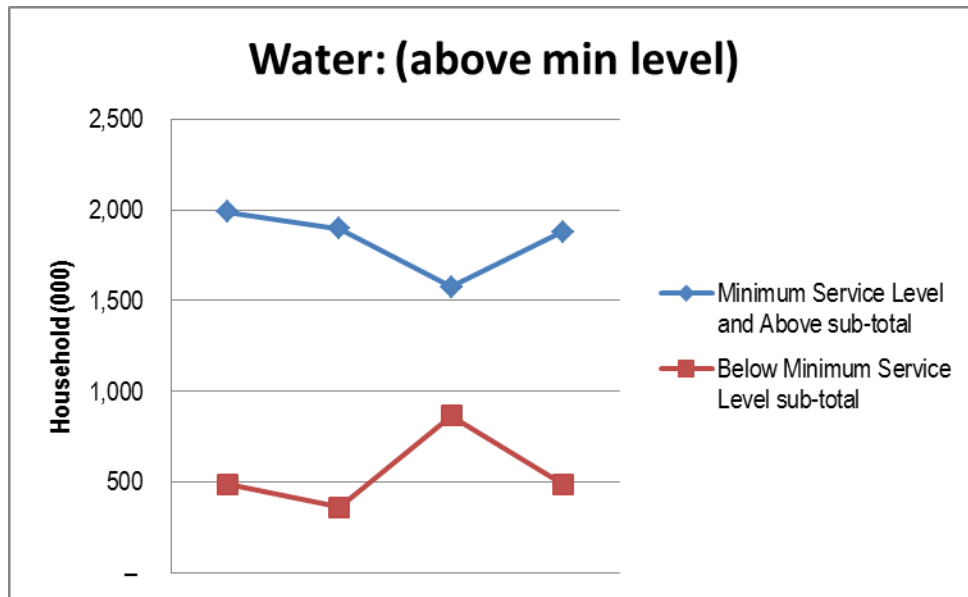
Dipaleseng LM is a Water Service Authority (WSA) as per the Water Act and any planning is being implemented following the Water Service Development Plan (including the Water Demand Management, Water Quality Management, Water Infrastructure Management etc.).

Water Quality is being addressed through Blue Drop System as per DWA Requirements.

Table 13: Total Water Use by Sector

| Total Use of Water by Sector (Ml/d) | | | | | |
|-------------------------------------|-------------|----------|------------|----------|----------------------------|
| | Agriculture | Forestry | Industrial | Domestic | Unaccountable water losses |
| 2017/2018 | 0 | 0 | 2.5 | 3.5 | 0.5 |
| 2016/2017 | 0 | 0 | | 116 | 400 |
| 2015/2016 | 0 | 0 | | 116 | 400 |
| | | | | | T3.1.2 |

Figure 3: Water Use By Sector



Comment on water use:

The supply is above demand as per the latest SDF in the next 5 years and depending on the review.

- 98% (12840) HH with access and 2% (300) HH without access.
- The current supply of Fortuna WTW (6.5m/day) is less than the current demand of 16.8 ML/day
- The future demands (2034) is 19.5 ML/day

Chapter 3

Table 14: Water Service Delivery Levels

| Water Service Delivery Levels | | | |
|---|---------|---------|------------|
| Description | 2015/16 | 2016/17 | Households |
| | Actual | Actual | Actual |
| | No. | No. | No. |
| <u>Water: (above min level)</u> | 4847.00 | 4857.00 | 4857.00 |
| Piped water inside dwelling | 6210.00 | 6350.00 | 6350.00 |
| Piped water inside yard (but not in dwelling) | 900.00 | 900.00 | 900.00 |
| Using public tap (within 200m from dwelling) | | | |
| Other water supply (within 200m) | | | |
| <i>Minimum Service Level and Above sub-total</i> | 12,107 | 12,107 | 12,107 |
| <i>Minimum Service Level and Above Percentage</i> | 90% | 90% | 90% |
| <u>Water: (below min level)</u> | | 1200 | 1200 |
| Using public tap (more than 200m from dwelling) | | | |
| Other water supply (more than 200m from dwelling) | | | |
| No water supply | 70 | 33 | 33 |
| <i>Below Minimum Service Level sub-total</i> | 11,957 | 1233 | 1233 |
| <i>Below Minimum Service Level Percentage</i> | 10% | 10% | 10% |
| Total number of households* | 13190 | 13190 | 13213 |
| * - To include informal settlements | | | T 3.1.3 |

Chapter 3

Table 15: Water Min Service Delivery Levels

| Description | 2017/18 | 2016/17 | 2015/16 | 2014/15 | | |
|---|---------------|---------------|---------------|---------------------------|---------------------------|---------------|
| | Actual No. | Actual No. | Actual No. | Original Budget No. | Adjusted Budget No. | Actual No. |
| Formal Settlements | | | | | | |
| Total households | | 12,765 | 12,765 | 11,580 | 11,580 | 11,580 |
| Households below minimum service level | | 1,443 | 1,443 | 1,580 | 1,580 | 1,580 |
| Proportion of households below minimum service level | | 11% | 11% | 14% | 14% | 14% |
| Informal Settlements | | | | | | |
| Total households | | 2,573 | 2,573 | 1,000 | 1,000 | 1,000 |
| Households is below minimum service level | | 1,287 | 1,287 | 500 | 500 | 500 |
| Proportion of households is below minimum service level | | 50% | 50% | 50% | 50% | 50% |
| | | | T 3.1.4 | | | |

Table 16: Access to Water

| Access to Water | | | |
|--|---|---|--|
| | Proportion of Households with access to water points* | Proportion of Households with access to piped water | Proportion of households receiving 6kl free# |
| 2017/2018 | | | |
| 2016/2017 | 38 | 11970 | 11970 |
| 2015/2016 | 38 | 11970 | 11970 |
| T 3.1.5 | | | |
| * Means access to 25 litres of portable water per day supplied within 200m of a household and minimum flow of 10litres , #6000 litres of portable water supplied per formal connection per month | | | |

Chapter 3

Table 17: Water Service Delivery Objectives

| Water Service Policy Objectives Taken From IDP | | | | | | | |
|---|---------------------|---|---------|--------|---------|--------|------------------------------|
| Service Objectives | Category | KPIs | 2016/17 | | 2017/18 | | |
| Service Indicators (i) | (ii) | (ii) | Target | Actual | Target | Actual | Target *Following Year |
| Service Objective: Develop and maintain infrastructure | | | | | | | |
| Water Infrastructure and Services | Formal Households | Percentage household with access minimum basic water supply | 100% | 95% | 100% | 95% | 100% |
| | Informal Households | Percentage household with access minimum basic water supply | 90% | 65% | 90% | 65% | 100% |
| Clean and safe water provision | | Blue drop rating | 70% | 45% | 70% | 45% | 75% |
| T3.1.6 | | | | | | | |

Table 18: Employees Water Services

| Employees: Water Services | | | | | |
|---------------------------|-----------|-------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | | 2017/18 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0% |
| 4 - 6 | 3 | 4 | 3 | 1 | 25% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 15 | 15 | 15 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 19 | 20 | 19 | 0 | 25% |
| T 3.2.7 | | | | | |

Chapter 3

Table 19: Financial Performance Water service

| Financial Performance: Water Services | | | | | | |
|--|---------|------------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | | |
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 16,259 | 16,145,666 | 11,553 | 11,553 | 14,791 | 22% |
| Expenditure: | | | | | | |
| Employees | 1,983 | 794,973 | 2,204 | 2,204 | 710 | -210% |
| Repairs and Maintenance | 727 | 1,536,362 | 502 | 502 | 662 | 24% |
| Other | 11,650 | 4,035,081 | 7,274 | 7,274 | 9,083 | 20% |
| Expenditure | 14,360 | 6,366,416 | 9,980 | 9,980 | 10,455 | 5% |
| Net Operational Expenditure | 1,899 | 9,779,250 | 1,574 | 1,574 | 4,336 | 64% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Adjustment Budget by the Actual.</i> | | | | | | T 3.1.8 |

Table 20: Capital Expenditure Water Services

| Capital Expenditure Year Water Services | | | | | |
|---|--------------|----------------------|-----------------------|-------------------------------------|------------------------|
| R' 000 | | | | | |
| Capital Projects | Year 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0% | |
| Project A | 0 | 0 | 0 | 0% | |
| | | | | | |
| | | | | | |
| | | | | | |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | |
| T 3.1.9 | | | | | |

Comment on water services performance overall:

The RBIG project to address water demand is in a Planning Stage.

Chapter 3

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

BALFOUR/SIYATHEMBA

The Balfour sewer system is dependent on septic tank collection where the suction service is a challenge due to the age of the equipment. These impacts on sustainable operational effectiveness. Greylingstad also employs the septic tank system. Siyathemba has full borne water system with the challenges being experienced with respect to blockage which are addressed as they occur.

Table 21: Sanitation Service Delivery Levels

| Sanitation Service Delivery Levels | | | |
|---|--------------|--------------|--------------|
| Description | 2017/2018 | 2016/17 | *Households |
| | Outcome | Outcome | Outcome |
| | No. | No. | No. |
| <u>Sanitation/sewerage: (above minimum level)</u> | | | |
| Flush toilet (connected to sewerage) | 9,649 | 9,649 | 9,649 |
| Flush toilet (with septic tank) | 276 | 276 | 276 |
| Chemical toilet | 44 | 44 | 44 |
| Pit toilet (ventilated) | 201 | 201 | 201 |
| Other toilet provisions (above min.service level) | 0 | 0 | 0 |
| <i>Minimum Service Level and Above sub-total</i> | 10,170 | 10,170 | 10,170 |
| <i>Minimum Service Level and Above Percentage</i> | 80.1% | 80.1% | 80.1% |
| <u>Sanitation/sewerage: (below minimum level)</u> | | | |
| Bucket toilet | 0 | 0 | 0 |
| Other toilet provisions (below min.service level) | 1750 | 1750 | 1750 |
| No toilet provisions | 766 | 766 | 766 |
| <i>Below Minimum Service Level sub-total</i> | 3020 | 3020 | 3020 |
| <i>Below Minimum Service Level Percentage</i> | 19.9% | 19.9% | 19.9% |
| Total households | 13976 | 13190 | 13190 |
| *Total number of households including informal settlements | | | |
| T 3.2.3 | | | |

Table 22: Sanitation Min Service Delivery Levels

| Households - Sanitation Service Delivery Levels below the minimum | | | |
|---|---------|---------|-----------------------|
| Description | 2017/18 | 2016/17 | Households 2015/16 |
| | Actual | Actual | Actual |
| | No. | No. | No. |
| Formal Settlements | | | |
| Total households | 14,426 | 10,170 | 10,170 |
| Households below minimum service level | 2,524 | 2,524 | 2,524 |
| Proportion of households below minimum service level | 5% | 25% | 25% |
| Informal Settlements | | | |
| Total households | 2,451 | 2,451 | 2,451 |
| Households below minimum service level | 1,225 | 1,225 | 1,225 |
| Proportion of households below minimum service level | 50% | 50% | 50% |
| | | | T 3.2.4 |

N.B: The project for construction of sewer reticulation and construction of toilet top structures could not be completed in time due to late appointment of Contractor.

Table 23: Access to Sanitation

| Access To Sanitation | |
|----------------------|-------|
| Access To Sanitation | |
| 2017/2018 | 13426 |
| 2016/2017 | 10865 |
| 2015/2016 | 10415 |

Chapter 3

Table 24: Sanitation Service Delivery Objectives

| Waste Water (Sanitation) Service Policy Objectives Taken From IDP | | | | | | | |
|---|---------------------|---|---------|--------|---------|--------|------------------------------|
| Service Objectives | Category | KPIs | 2016/17 | | 2017/18 | | Target *Following Year |
| Service Indicators (i) | (ii) | (ii) | Target | Actual | Target | Actual | |
| Service Objective: Develop and maintain infrastructure | | | | | | | |
| Sanitation Infrastructure and Services | Formal Households | Percentage household with access minimum basic sanitation services | 90% | 83% | 90% | 94% | 97% |
| | Informal Households | Percentage household with access minimum basic sanitation services | 50% | 0% | 50% | 5% | 50% |
| | | Green drop rating | 60% | 35% | 60% | 10% | 75% |
| T3.2.6 | | | | | | | |

Chapter 3

Table 25: Employees Sanitation Levels

| Employees: Sanitation Services | | | | | |
|--------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0% |
| 4 - 6 | 4 | 15 | 4 | 11 | 73% |
| 7 - 9 | 0 | 15 | 0 | 15 | 100% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 15 | 0 | 15 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 20 | 31 | 20 | 26 | 64% |
| T 3.2.7 | | | | | |

Table 26: Financial Performance Sanitation

| Financial Performance: Sanitation Services | | | | | | |
|--|---------|------------|-----------------|-------------------|--------|--------------------|
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| | | | | | | |
| Total Operational Revenue | 14,120 | 15,233,976 | 11,275 | – | 12,814 | 100% |
| Expenditure: | | | | | | |
| Employees | 2,456 | 2,491,921 | 2,762 | | 2,133 | 100% |
| Repairs and Maintenance | - | 2,903,884 | | | | |
| Other | 500 | 886,243 | 1,456 | | 2,890 | 100% |
| Total Operational Expenditure | 2,956 | 6,282,048 | 4,218 | – | 5,024 | 100% |
| Net Operational Expenditure | 11,164 | 8,951,928 | 7,057 | – | 7,791 | 100% |
| T 3.2.8 | | | | | | |

Chapter 3

Table 27: Capital Expenditure Sanitation Services

| Capital Expenditure: Sanitation Services | | | | | |
|---|--------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All projects | 6,590 | 6,590 | 940 | -601% | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | |
| T 3.2.9 | | | | | |

Comment on sanitation services performance overall

Access to basic sanitation is at 94% with the main challenge to address the backlogs (sewer connection) being the waste water treatment plant having reached the design capacity in all three nodal areas.

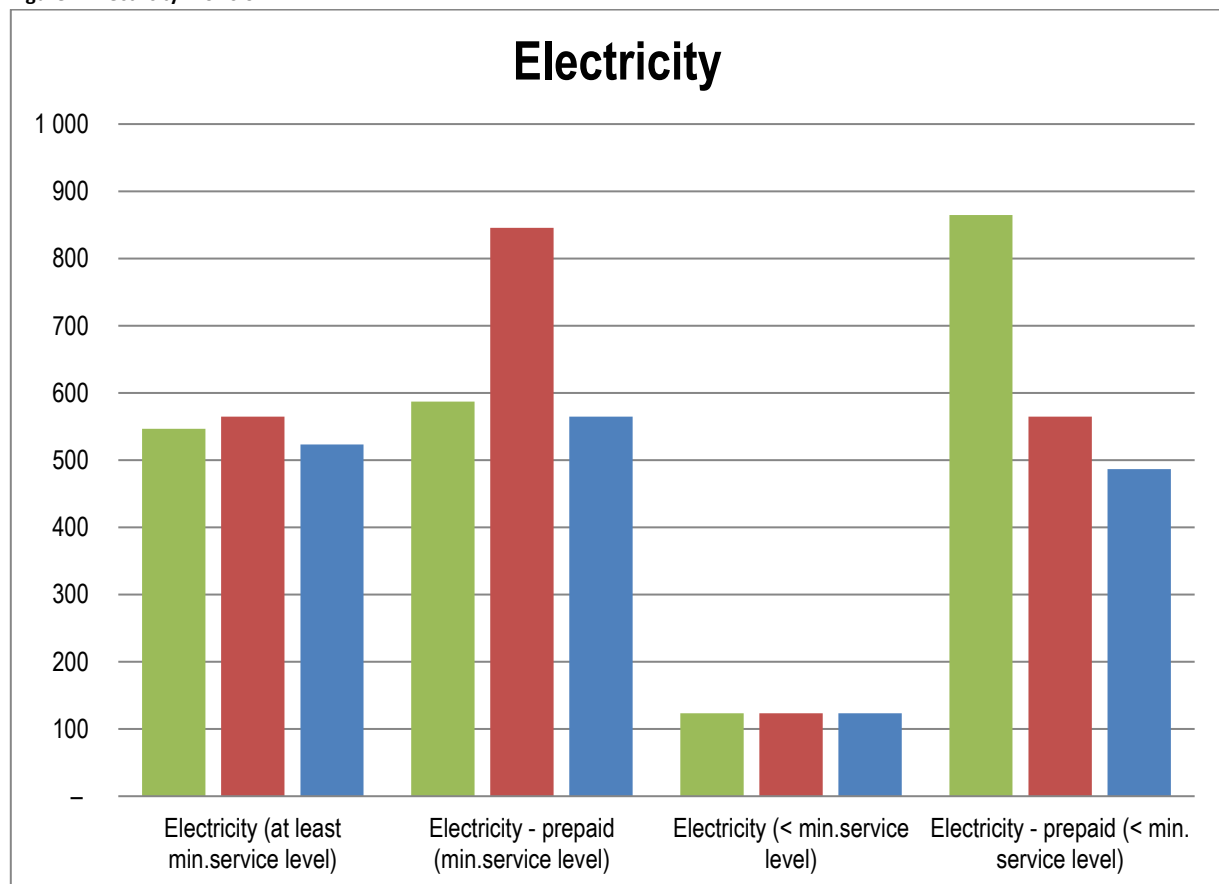
- Grootvlei Sewer Reticulation: A total 450 households have been reticulated.
- Balfour WWTW: The project is on the design stage. The project funded by Department of Water and Sanitation, and the Implementing Agent is Rand Water through the RBIG.
- Greylingstad WWTW: Planning stage.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Dipaleseng Local municipality has not reached the universal access as per the target set out by the National government. This is due to the existence of informal areas within the DLM.

Figure 4: Electricity Provision



Chapter 3

Table 28: Electricity Service Delivery Levels

| Electricity Service Delivery Levels | | | | | |
|---|---------------|---------------|---------------|---------------|-----------------------|
| Description | 2017/18 | 2016/17 | 2015/16 | 2014/15 | Households 2013/14 |
| | Actual No. | Actual No. | Actual No. | Actual No. | Actual No. |
| <u>Energy: (above minimum level)</u> | | | | | |
| Electricity (at least in-service level) | 8,179 | 8,179 | 8,179 | 8,179 | 7,500 |
| Electricity - prepaid (min.service level) | 2,322 | 2,322 | 2,322 | 2,322 | 1,800 |
| <i>Minimum Service Level and Above sub-total</i> | 10,501 | 10,501 | 10,501 | 10,501 | 9,300 |
| <i>Minimum Service Level and Above Percentage</i> | 92.4% | 79.6% | 79.6% | 79.6% | 78.2% |
| <u>Energy: (below minimum level)</u> | | | | | |
| Electricity (< min.service level) | 2,146 | 2,146 | 2,146 | 2,146 | 2,600 |
| Electricity - prepaid (< min. service level) | 0 | 0 | 0 | 0 | 0 |
| Other energy sources | 0 | 0 | 0 | 0 | 0 |
| <i>Below Minimum Service Level sub-total</i> | 2 | 2 | 2 | 2 | 3 |
| <i>Below Minimum Service Level Percentage</i> | 16.26% | 16.26% | 16.26% | 16.26% | 21.8% |
| Total number of households | 10960 | 13190 | 13190 | 13190 | 12647 |
| T 3.3.3 | | | | | |

Table 29: Electricity Min Service Delivery Levels

| Description | 2017/18 | 2016/17 | 2015/16 | 2014/15 | | |
|--|---------------|---------------|---------------|---------------------------|---------------------------|---------------|
| | Actual No. | Actual No. | Actual No. | Original Budget No. | Adjusted Budget No. | Actual No. |
| Formal Settlements | | | | | | |
| Total households | 10,693 | 10,693 | 10,693 | 8,250 | 8,250 | 8,250 |
| Households below minimum service level | 1443 | 1443 | 1443 | 2,890 | 2,890 | 2,890 |
| Proportion of households below minimum service level | 14% | 14% | 14% | 35% | 35% | 35% |
| Informal Settlements | | | | | | |
| Total households | 1443 | 1443 | 1443 | 1,700 | 1,700 | 1,700 |
| Households below minimum service level | 1443 | 1443 | 1443 | 1,700 | 1,700 | 1,700 |
| Proportion of households below minimum service level | 100% | 100% | 100% | 100% | 100% | 100% |
| | | | | | T 3.3.4 | |

Table 30: Electricity Service Delivery Objectives

| Electricity Service Policy Objectives Taken From IDP | | | | | | | |
|---|---------------------|--|---------|--------|---------|--------|------------------------------|
| Service Objectives | Category | KPIs | 2016/17 | | 2017/18 | | |
| Service Indicators (i) | (ii) | (ii) | Target | Actual | Target | Actual | Target *Following Year |
| Service Objective: Develop and maintain infrastructure | | | | | | | |
| Electricity Infrastructure and Services | Formal Households | Percentage household with access minimum basic electricity services | 100% | 85% | 100% | 92.4% | 95% |
| | Informal Households | Percentage household with access minimum basic electricity services | 100% | 0% | 100% | 0% | 0% |
| | | | | | | | |
| T3.2.6 | | | | | | | |

Chapter 3

Table 31: Electricity Employee Levels

| Employees: Electricity Services | | | | | |
|---------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0% |
| 4 - 6 | 6 | 6 | 6 | 2.92 | 49% |
| 7 - 9 | 9 | 9 | 9 | 2.92 | 32% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| 16 - 18 | 0 | 1 | 0 | 0 | 0 |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |
| Total | 16 | 17 | 16 | 5.84 | 34% |
| | | | | | T 3.3.6 |

Table 32: Electricity Financial Performance

| Financial Performance: Electricity Services | | | | | | R'000 |
|---|----------|---------|-----------------|-------------------|----------|--------------------|
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 41,789 | 47,916 | 39,182 | 39,182 | 51,144 | 23% |
| Expenditure: | | | | | | |
| Employees | 1,994 | 2,038 | 2,175 | 2,175 | 2,149 | -1% |
| Repairs and Maintenance | 5,378 | 5,295 | 1,000 | 1,000 | 1,832 | 45% |
| Other | 45,829 | 50,508 | 54,772 | 54,772 | 57,517 | 5% |
| Expenditure | 53,201 | 57,841 | 57,947 | 57,947 | 61,499 | 6% |
| Expenditure | (11,412) | (9,925) | (18,765) | (18,765) | (10,355) | -81% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Adjustment Budget by the Actual. | | | | | | T 3.3.7 |

Chapter 3

Table 33: Electricity Capital Expenditure

| Capital Expenditure : Electricity Services | | | | | |
|--|--------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All project | 17,000 | – | 17,000 | 0% | |
| | 0 | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| T 3.3.8 | | | | | |

Comment on electricity services performance overall:

Project: Construction of New Balfour Substation is at a planning stage.

Chapter 3

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The main functions performed by the Waste Management division comprise of:

- Increase awareness with respect to Waste Management to ensure compliance to the National Waste Act and National Environmental Management Act
- Ensure that community receive an affordable and sustainable refuse removal service
- Management of the landfill sites in compliance to all relevant legislation
- Litter picking and cleaning all public areas

Waste Management comprises of Waste collection, transportation, processing, recycling, disposal and monitoring of waste materials. The Municipality is collecting in six wards. 9452 household are formal, 3000 households are informal and 738 are traditional. To offer a refuse collection service to these households is often problematic due to accessibility to the households.

Table 34: Waste Removal Service Delivery Levels

| Solid Waste Service Delivery Level | Households | | |
|--|-------------|--------------|----------------|
| | 2015/16 | 2016/17 | 2017/18 |
| Description | Actual No. | Actual No. | Actual No. |
| <u>Solid Waste Removal: (Minimum level)</u> | | | |
| Removed at least once a week | 9452 | 11,100 | 10,100 |
| <i>Minimum Service Level and Above sub-total</i> | 9452 | 11,100 | 10,100 |
| <i>Minimum Service Level and Above percentage</i> | 63.5% | 90% | 89.2% |
| <u>Solid Waste Removal: (Below minimum level)</u> | | | |
| Removed less frequently than once a week | 654 | 654 | 547 |
| Using communal refuse dump | 250 | 250 | 230 |
| Using own refuse dump | 110 | 110 | 95 |
| Other rubbish disposal | 124 | 124 | 100 |
| No rubbish disposal | 399 | 399 | 250 |
| <i>Below Minimum Service Level sub-total</i> | 1,537 | 1,537 | 1,222 |
| <i>Below Minimum Service Level percentage</i> | 12.2% | 12.2% | 10.8% |
| Total number of households | 9452 | 12637 | 13190 |
| Source: Statistic SA /CS 2016 | | | T 3.4.2 |

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Table 35: Solid Waste Removal Min Services Levels

| Description | 2015/16 | 2016/17 | 2017/18 |
|---|---------|---------|---------|
| | Actual | Actual | Actual |
| | No. | No | No. |
| Formal Settlements | | | |
| Total households | 10,501 | 10 900 | 10,900 |
| Households below minimum service level | 2,146 | 1246 | 1,246 |
| Proportion of households below minimum service level | 20% | 20% | 20% |
| Informal Settlements | | | |
| Total households | 2,451 | 2 451 | 2,451 |
| Households below minimum service level | 2,451 | 2 451 | 2,451 |
| Proportion of households ts below minimum service level | 100% | 100% | 100% |

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Table 36: Waste Management Service Policy Objectives

| Service Objectives | Category | KPIs | 2015/16 | | 2016/17 | | 2017/18 | | 2018 |
|---|---------------------|---|---------|--------|---------|--------|---------|--------|---------------------------|
| Service Indicators (i) | (ii) | (ii) | Target | Actual | Target | Actual | Target | Actual | Target the following year |
| Service Objective: Develop and maintain infrastructure | | | | | | | | | |
| Waste Management Infrastructure and Services | Formal Households | Percentage household with access minimum basic electricity services | 100% | 72% | 80% | 85% | 100% | 88% | 90% |
| | Informal Households | Percentage household with access minimum basic electricity services | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | | | | | | | | | |

Table 37: Solid Waste Management Employees

| Employees: Human Resource Services | | | | | |
|------------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 1 | 100% |
| 4 - 6 | 3 | 6 | 3 | 3 | 50% |
| 7 - 9 | 6 | 3 | 0 | 3 | 100% |
| 10 - 12 | 7 | 0 | 0 | 0 | 0% |
| 13 - 15 | 9 | 0 | 0 | 0 | 0% |
| 16 - 18 | 11 | 0 | 0 | 0 | 0% |
| 19 - 20 | 18 | 0 | 0 | 0 | 0% |
| Total | 55 | 14 | 6 | 8 | 63,3% |

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Table 38: Waste Disposal Financial Performance

| Financial Performance: Solid Waste Management Services R'000 | | | | | | |
|--|---------|-----------|-----------------|-------------------|--------|--------------------|
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 6,806 | 7,331,682 | 5,940 | | 6,027 | 1% |
| Expenditure: | | | | | | |
| Employees | 2,418 | 2,801,953 | 4,412 | | 5,620 | 22% |
| Repairs and Maintenance | 114 | | | | | 0% |
| Other | 1,481 | 1,603,436 | 341 | | 91 | -273% |
| Total Operational Expenditure | 4,013 | 4,405,389 | 4,753 | | 5,712 | 17% |
| Net Operational Expenditure | 2,793 | 2,926,293 | 1,188 | | 315 | -277% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | | |
| T 3.4.7 | | | | | | |

Table 39: Waste Capital Expenditure Management Services

| Capital Expenditure: Waste Management Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All projects | 0 | 0 | - | | |
| | | | | | |
| | | | | | |
| T 3.4.9 | | | | | |

Comment on Waste Management Service Performance overall:

The Municipality has had an increase in the number of households that receive refuse removal service. According to Stats SA 2016, the number of household with access to Waste removal is 9027 which is 63.5%. According to Stats SA 2016, the number of household without access to refuse removal is 7414 which is 36%. There has been an increase in illegal dumping by residence due to inconsistency in refuse collection which is caused by mechanical breakdown of refuse removal trucks. The number of household that do not receive a refuse removal services are mainly located in rural areas such as farms and informal settlements that are at times not accessible by the Dipaleseng Local Municipality for waste removal service.

Overall the Municipality is performing in average towards achieving 100% refuse removal services, there is seldom interruptions that occurs when there is mechanical breakdown of refuse removal trucks.

3.5 HOUSING

INTRODUCTION TO HOUSING [PED]

Dipaleseng Local Municipality subscribes to the notion of integrated and sustainable human settlements. Therefore, the identification and acquisition of well-located land, adequate access to municipal services, social and economic annuities including transport services continued to be the key determinant to achieve high levels of integration and sustainable human settlements. One of the Department of Human Settlements' areas of responsibility relates to provision of housing subsidies to the needy. A housing subsidy is a grant by government to qualifying beneficiaries for housing purposes.

Table 40: % of H/H with Access to Basic Housing

| Percentage of households with access to basic housing | | | |
|---|--|----------------------------------|---|
| Year end | Total households (including formal and informal settlements) | Households in formal settlements | Percentage of HHs in formal settlements |
| 2017/18 | 12700 | 11100 | 87.4% |
| 2016/17 | 2700 | 11100 | 87.4% |
| 2015/16 | 12700 | 11100 | 87.4% |
| T 3.5.2 | | | |

Table 41: Housing Services Employees

| Employees: Housing Services | | | | | |
|-----------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 0 | 0 | 1 | 100% |
| 4 - 6 | 2 | 5 | 5 | 3 | 60% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |

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| | | | | | |
|---------|---|---|---|---|-----|
| Total | 3 | 5 | 5 | 4 | 80% |
| T 3.5.4 | | | | | |

Table 42: Housing Services Financial Performance

| Financial Performance : Housing Services | | | | | | |
|---|---------|---------|-----------------|-------------------|--------|--------------------|
| | | | | | | R'000 |
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - | 0% |
| Expenditure: | | | | | | |
| Employees | - | - | - | - | - | 0% |
| Repairs and Maintenance | - | - | - | - | - | 0% |
| Other | - | - | - | - | - | 0% |
| Expenditure | - | - | - | - | - | 0% |
| Expenditure | - | - | - | - | - | 0% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | | T 3.5.5 |

Overall Comment

The budget for housing services resides at provincial human settlement.

The financial performance and/or budget is being reported for the whole Planning and Economic Development department.

Table 43: Housing Services Capital Expenditure

| Capital Expenditure: Housing Services | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | |
| Land for RDP houses | - | - | - | 0% | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | |
| T 3.5.6 | | | | | |

Comment on the overall performance of the housing service:

The Municipality plays a facilitation role through sitting of steering committees which serve as a platform for reporting progress and raising challenges that may occur in the implementation of the project; and to provide interventions for the project to be successful and ensure good quality of houses.

Housing Subsidy Allocation and Implementation

In the Financial year under review, a total of 200 subsidised housing units (RDP) were implemented in Siyathemba and Grootvlei Respectively. Beneficiaries have since taken occupancy of the completed units.

It must be noted that a Contractor (Prince of Tides Property Developers) was appointed for construction of 1500 subsidised housing Units for three consecutive years starting from 2016/17-2017/2018 AND 2018/2019 financial years. The project is being implemented in the newly established township known as Ridgeview.

Title deed registration/restoration programme

This is a programme supported by DHS whereby Conveyancers are appointed on behalf of the Municipality for registration of title deeds to beneficiaries of subsidised housing units.

DHS has delivered a total of 443 title deeds are being distributed and/or handed over and collected on a daily basis by rightful owners (208 title deeds for Nthorwane and 235 for Siyathemba).

TMN Kgomo & Associates have been appointed as the legal firm which assists the Municipality in title deeds registration and transfers of subsidised housing units (RDP housing Units) to prospective beneficiaries. It must however be noted that no land transfers have been done under the current conveyancers.

Acquisition of land for development of integrated sustainable human settlements

Land is an upfront component of integrated sustainable human settlements and/or provision of housing as such there is a need to acquire land. A considerable amount of well-located land however belongs to private individuals and tends to be expensive. Notwithstanding these, it is still a Constitutional right for citizens to be provided with shelter within the available resources of the state and/or Municipality.

It is therefore based on the above that through intervention of The Mpumalanga Department of Human Settlements (DHS) 1500 Serviced sites were purchased on behalf of the Municipality by Vipcon Pty on the land that was already under negotiations for establishment of a new township (Portion 28 (a Portion of Portion 20) of the Farm Vlakfontein 5561R) currently known as Ridgeview.

A request for donation of state owned land was further made to the National Department of Public Works in facilitation of a swap deal with the local Community Property Association whereby their land has been invaded by landless community members. The process is still underway and needs to be expedited.

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3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

One of the strategic objectives of the Dipaleseng addresses the upliftment of the socio-economic status of the communities within the municipal area. To ensure that all residents within the community area enjoy quality of life it is essential to monitor poverty levels and initiate programmes to decrease the number of households that are indigent. The review of the indigent register as well as continuous research in depth analysis on the root causes of such poverty is necessary to accurately determine the poverty levels in the community in order to develop strategies to alleviate the poverty levels.

The provision of adequate basic services and municipal infrastructure remains a challenge throughout the municipality.

Table 44: Free Basic Services

| | Number of households | | | | | | | | | |
|---------|----------------------|--|--------|-----------------------|--------|------------------------|--------|-------------------|--------|------|
| | Total | Households earning less than R3010 per month | | | | | | | | |
| | | Free Basic Water | | Free Basic Sanitation | | Free Basic Electricity | | Free Basic Refuse | | |
| | | Total | Access | % | Access | % | Access | % | Access | |
| 2017/18 | | 18,919 | 11,998 | 100% | - | 100% | 5,064 | 100% | 1,857 | 100% |
| 2016/17 | | 17,470 | 11,998 | 69% | - | 0% | 5,064 | 29% | 408 | 2% |
| 2015/16 | | 18 919 | 11 998 | 100% | - | 100% | 5 064 | 100% | 1 857 | 100% |
| T 3.6.3 | | | | | | | | | | |

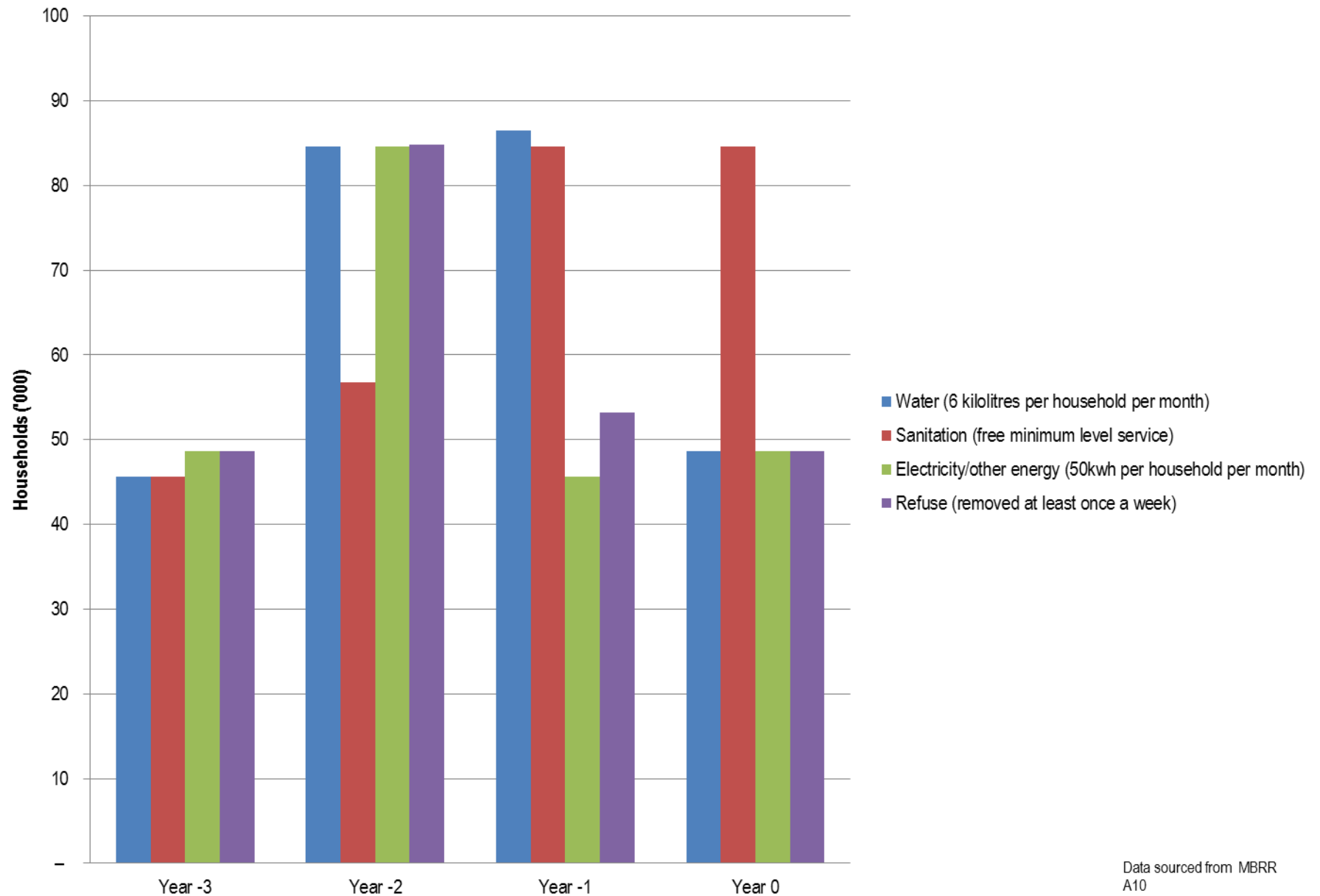
Free basic services are:

- Water (6 kilolitres per household per month)
- Sanitation (free minimum service level)
- Refuse Removal (removed at least once per week)

Table 45: Financial Cost for Free Basic Services

| Financial Performance: Cost to Municipality of Free Basic Services Delivered | | | | | | |
|--|---------|---------|---------|-------------------|--------|--------------------|
| Services Delivered | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Budget | Adjustment Budget | Actual | Variance to Budget |
| Water | 475 | 626 | 464 | | 1,248 | 63% |
| Waste Water (Sanitation) | - | | | | | 0% |
| Electricity | 255 | 163 | 300 | | 2,416 | 88% |
| Waste Management (Solid Waste) | - | | | | | 0% |
| Total | 730 | 789 | 764 | - | 3,663 | 79% |
| | | | | | | T 3.6.4 |

Free Basic Household Services



Chapter 3

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

INTRODUCTION TO ROAD TRANSPORT

3.7 ROADS

INTRODUCTION TO ROADS

The roads within DLM range from tarred roads (which are mostly Class D access roads) and gravel to dusty roads which are at the fair to bad state due to budgetary challenges and capacity constraints.

Table 46: Gravel Road Infrastructure

| Gravel Road Infrastructure | | | | |
|----------------------------|---|---------------------------------|---------------------------------|--|
| | Total gravel roads Gravel roads constructed Gravel roads upgraded to tar | New gravel roads constructed | Gravel roads upgraded to tar | Gravel roads graded/maintained (KM) |
| 2017/18 | 221.1 | 0.3 | 0.8 | 30 |
| 2016/17 | 221.1 | 0.3 | 0.8 | 30 |
| 2015/16 | 190 | 0.3 | 0.3 | 50 |
| | | | | T 3.7.2 |

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Table 47: Tarred Roads Infrastructure

| Tarred Road Infrastructure(YEAR) | | | | | Kilometres |
|----------------------------------|--------------------|---------------|------------------------------|-------------------------------|----------------------|
| | Total tarred roads | New tar roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Tar roads maintained |
| 2017/18 | 96.752 | 1.652 | 0 | 0 | 7 |
| 2016/17 | 95.1 | 1.1 | 0 | 0 | 6 |
| 2015/16 | 88 | 0 | 0 | 0 | 0 |
| | | | | | T 3.7.3 |

Table 48: Cost of Maintenance

| Cost of Construction/Maintenance (YEAR) | | | | | | R' 000 |
|---|--------|--------------|------------|------|-----------|------------|
| | Gravel | | | Tar | | |
| | New | Gravel - Tar | Maintained | New | Re-worked | Maintained |
| 2017/18 | 0 | 4200 | 235 | 2200 | 0 | 200 |
| 2016/17 | 0 | 4200 | 235 | 2200 | 0 | 200 |
| 2015/16 | 0.3 | 0.3 | 50 | 3000 | 0 | 50 |
| | | | | | | T 3.7.4 |

Figure 5: Road Infrastructure Cost

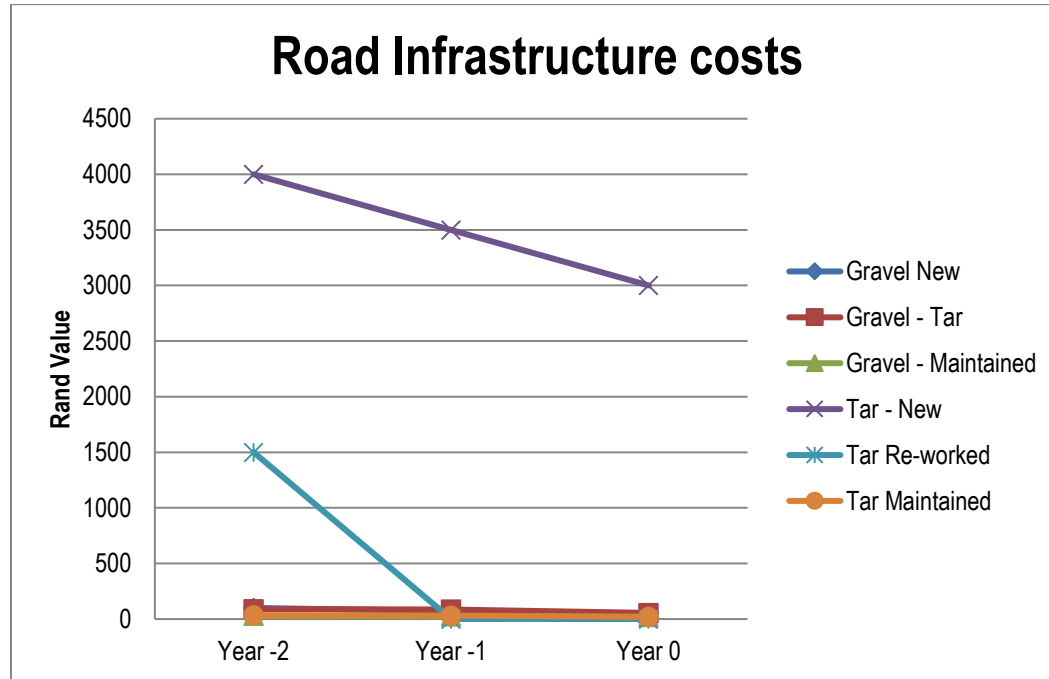


Table 49: Roads Service Policy Objectives

| Road Service Policy Objective Taken From IDP | | | | | | | |
|---|---|-----------------------------|-------------------------------------|-------------------------------|---|---------------------------------|--|
| Service Objectives | Outline Service Targets | Year 2015/2016 | | Year 2016/2017 | | Year 2017/2018 | |
| Service Indicators | | Target | Actual | Target | Actual | Target | Actual |
| Target | Actual | (iii) | (iv) | (vi) | (vi) | (vii) | (viii) |
| Service Objective: Road Services | | | | | | | |
| Elimination of gravel roads in townships | Kilometres of gravel road tarred (kilometres of gravel roads remaining) | 3kms of gravel roads tarred | 3kms of gravel roads tarred (88kms) | 1,1kms of gravel roads tarred | 1,1kms of gravel roads tarred (91,1kms) | 1,652kms of gravel roads tarred | 1,652 kms of gravel roads tarred (92,752kms) |
| Development of municipal roads as required | 6,1kms of roads tarred | 3kms | 3kms | 1,1kms | 1,1kms | 1,1kms | 1,652kms |
| | | | | | | | |
| <p><i>Note: This statement should include no more than the top four priority objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year - 1 Budget/IDP round, 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. 'Following Year' refers to the targets set in the Year 1 Budget/ IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 Chapter 5 sets out the purpose and character of the Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key.</i></p> | | | | | | | |

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Table 50: Road Services Employees

| Employees: Road Services | | | | | |
|---|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 1 | 1 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 7 | 12 | 12 | 0 | 0% |
| 13 - 15 | 5 | 10 | 10 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 12 | 22 | 22 | 0 | 0% |
| NB: Information derived from the current organogram | | | | | T3.7.7 |

Chapter 3

Table 51: Roads Service Financial Performance

| Financial Performance: Road Services | | | | | | |
|---|---------|------------|-----------------|-------------------|---------|--------------------|
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - | 0% |
| Expenditure: | | | | | | |
| Employees | 3,120 | 3,146,715 | 3,494 | | 3,271 | -7% |
| Repairs and Maintenance | 208 | 175,238 | - | | | |
| Other | 386 | 83,690 | 865 | | 801 | -8% |
| Total Operational Expenditure | 3,728 | 3,405,642 | 4,359 | - | 4,072 | -7% |
| Net Operational Expenditure | -3,728 | -3,405,642 | (4,359) | - | (4,072) | 0 |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | | T 3.7.8 |

Table 52: Road Services Capital Expenditure

| Capital Expenditure: Road Services | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All projects | 11,000 | – | 10,074 | -9% | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | |
| T 3.7.9 | | | | | |

Comment on the performance of roads overall:

None.

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION) [IS]

INTRODUCTION TO TRANSPORT

In terms of powers and functions the municipality does not provide public bus operation and other transport services; however the municipality acts as an agent of the province by providing vehicles registrations and licensing.

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The storm water system within DLM is mostly natural open storm water system which does not have the capacity to handle or channel the run off during rainy seasons.

Table 53: Storm Water Infrastructure

| Storm water Infrastructure | | | | Kilometres |
|----------------------------|----------------------------|--------------------------|-------------------------------|---------------------------------|
| | Total Storm water measures | New storm water measures | Storm water measures upgraded | Storm water measures maintained |
| 2017/18 | 110 | 1.652 | 0 | 33 |
| 2016/17 | 110 | 0 | 0 | 10 |
| 2015/16 | 110 | 0 | 0 | 10 |
| | | | | T 3.9.2 |

Table 54: Storm Water Construction/Maintenance Costs

| Cost of Construction/ Maintenance | | | | R'000 |
|-----------------------------------|---------------------|----------|------------|---------|
| | Stormwater Measures | | | |
| | New | Upgraded | Maintained | |
| 2013/14 | - | - | - | |
| 2014/15 | - | - | - | |
| 2015/16 | - | - | - | |
| 2016/17 | - | - | - | |
| | | | | T 3.9.3 |

Comment:

No allocation for cost of stormwater construction/maintenance is allocated.

Table 55: Storm Water Service Policy Objectives

| Stormwater Policy Objective Taken From IDP | | | | | | | | | |
|--|-------------------------|--------------------|--------|--------------------|--------|----------------------------------|--------|------------------------------|--------|
| Service Objectives | Outline Service Targets | Year 1 | | Year 0 | | Year 1 | | Year 3 | |
| | | Year 2014/2015 | | Year 2015/2016 | | Year 2016/2017 (Current Year) | | Year 2017/2018 (Follow Year) | |
| Service Indicators | | Target | Actual | Target | Actual | Target | Actual | Target | Actual |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective: Stormwater Management System | | | | | | | | | |
| Development of fully integrated stormwater management systems including wetlands and natural water courses | Phasing in system | Strategic Approval | No | Strategic Approval | No | Strategic Approval | No | Development | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Comment on the storm water tables

Storm Water tables relating to Employees, Financial Performance and Capital Expenditure included with Roads

COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT

INTRODUCTION TO PLANNING AND ECONOMIC DEVELOPMENT

The vision of the Department is to ensure integrated spatial planning, sustainable land use management and stimulation of economic development through:

- Exploiting existing economic potential of the Dipaleseng.
- Providing a framework for spatial planning and land use management.
- Establishment of safe and sustainable human settlements

3.10 PLANNING

INTRODUCTION TO PLANNING

The purpose of the unit is to Regulate, manage and promote well-coordinated spatial planning with focus on integration, redress and reversing undesirable settlement growth patterns. The municipality needs qualified town and regional planners to carry out the duties as set out by the Spatial Planning and Land use Management Act, Act 16 of 2013

The aim is to further manage Building Control within the entire jurisdiction of the Dipaleseng Municipal boundaries with the emphasis on the application of the Act on National Building Regulations and enforcement of the Act respectively.

Table 56: Applications for Land Use Development

| Applications for Land Use Development | | | | | | |
|---------------------------------------|----------------------------|---------|-------------------------------------|---------|------------------------------------|-----------|
| Detail | Formalisation of Townships | | Rezoning (all planning application) | | Built Environment (building plans) | |
| | 2015/16 | 2016/17 | 2016/17 | 2017/18 | 2017/18 | 2018/19 |
| Planning application received | 0 | 0 | 8 | 2 | 100% (40) | 100% (24) |
| Determination made in year of receipt | 0 | 0 | 8 | 2 | 100% (40) | 100% (24) |
| Determination made in following year | 0 | 0 | 0 | 0 | 0 | 0 |
| Applications withdrawn | 0 | 0 | 0 | 0 | 0 | 0 |
| Applications outstanding at year end | 0 | 0 | 0 | 0 | 1 | 0 |
| T 3.10.2 | | | | | | |

Chapter 3

Table 57: Planning Policy Objectives

| Planning Policy Objectives Taken From IDP | | | | | | | |
|---|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2015/16 | | 2016/17 | | 2017/18 | |
| | | Target | Actual | Target | Actual | Target | Actual |
| | | (viii) | (ix) | (x) | | | |
| Service Objective xxx | | | | | | | |
| Determine planning application within a reasonable timescale | Approval or rejection of all built environment applications within a x weeks | Determination within 12 weeks | Determination within 8 weeks | Determination within 8 weeks | Determination within 8 weeks | Determination within 8 weeks | Determination within 8 weeks |
| | Reduction in planning decisions overturned | 0% planning decisions overturned | No planning decisions overturned | No planning decisions overturned | No planning decisions overturned | No planning decisions overturned | No planning decisions overturned |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Chapter 3

| Service Objectives <i>Service Indicators</i> | Outline Service Targets | 2016/17 | | 2017/18 | | 2018/19 | |
|--|--|---------|----------------------------------|---------|-----------|-----------|--------|
| | | Target | Actual | Target | Actual | Target | Actual |
| Determine planning applications within an agreed timeframe | Approval / rejection of all built environment applications | 100% | 100% (40) | 100% | 100% (40) | 100% (24) | |
| | Reduce decisions overturned | N/A | 1 building plan permit withdrawn | 0 | 0 | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| T3.10.3 | | | | | | | |

Chapter 3

Table 58: Planning Services Employees

| Employees: Planning Services | | | | | |
|------------------------------|---------------------------|--------------|-----------|-------------------------------------|--------------------------------------|
| Job Level | Year 2016/17 Employees | Year 2017/18 | | | |
| | | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 1 | 50% |
| 4 - 6 | 1 | 1 | 1 | 1 | 50% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 2 | 2 | 2 | 2 | 50% |

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.
Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.10.4

Table 59: Planning Services Financial Performance

| Financial Performance: Planning Services | | | | | | R'000 |
|--|-------------------|-------------------|--------------------|----------------------|--------|-----------------------|
| Details | 2015/16 Actual | 2016/17 Actual | 2017/18 | | | Variance to Budget |
| | | | Original Budget | Adjustment Budget | Actual | |
| Total Operational Revenue | – | | | | 1 | 0% |
| Expenditure: | | | | | | |
| Employees | 2,727 | 2,376 | 3,134 | | 2,721 | 100% |
| Repairs and Maintenance | – | | | | | 0% |
| Other | 0 | 140 | 199 | | 712 | 100% |
| Total Operational Expenditure | 2,727 | 2,516 | | | | |
| Net Operational Expenditure | (2,727) | (2,516) | – | – | 1 | 100% |

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.10.5

Chapter 3

Table 60: Planning Services Capital Expenditure

| Capital Expenditure: Planning Services | | | | | |
|---|-----------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2017/2018 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0 | 0 |
| Project A | 0 | 0 | 0 | 0 | 0 |
| Project B | 0 | 0 | 0 | 0 | 0 |
| Project C | 0 | 0 | 0 | 0 | 0 |
| Project D | 0 | 0 | 0 | 0 | 0 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | <i>T 3.10.6</i> |

Comment on the performance of physical planning overall:

The section provides the statutory town planning applications received in the 2017/2018 financial year. These applications are assessed and/or reviewed then tabled before Mayoral Committee and Council for approval. It should further be noted that any number of planning applications received are assessed and approved accordingly. In the financial year under review a total of 8 town planning applications and 33 building plans/permit were assessed respectively.

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic Development (LED) within the Municipality aims at meeting the basic needs of people through establishment a conducive environment that will create jobs and alleviate poverty in a sustainable manner. This is achieved through a collaborated effort for which the Local Economic Development Forum (LEDf) is a driver to the success. LEDf therefore offers local government, the private sector, Non-Profit Organisations and local community the opportunity to work together to improve the local economy through investment attraction and retention initiatives; and Local Economic Development (LED) catalytic project implementation.

Table 61: Economic Activity by Sector

| Economic Activity by Sector | | | |
|-------------------------------------|------------|------------|------------|
| | | | R '000 |
| Sector | 2015/16 | 2016/17 | 2017/18 |
| Agric, forestry and fishing | n/a | n/a | n/a |
| Mining and quarrying | n/a | n/a | n/a |
| Manufacturing | n/a | n/a | n/a |
| Wholesale and retail trade | n/a | n/a | n/a |
| Finance, property, etc. | n/a | n/a | n/a |
| Govt, community and social services | n/a | n/a | n/a |
| Infrastructure services | 15 000 000 | 15 000 000 | 15 000 000 |
| Total | 15 000 000 | 15 000 000 | 15 000 000 |
| | | | T 3.11.2 |

Table 62: Economic Employment by Sector

| | | Jobs | | |
|---|--|----------|---------|---------|
| Sector | | 2015/16 | 2016/17 | 2017/18 |
| Agric, forestry and fishing | | n/a | n/a | n/a |
| Mining and quarrying | | n/a | n/a | n/a |
| Manufacturing | | n/a | n/a | n/a |
| Wholesale and retail trade | | n/a | n/a | n/a |
| Finance/insurance/real estate and business services | | n/a | n/a | n/a |
| Community/social and personal services | | n/a | n/a | n/a |
| Electricity, gas and water supply | | n/a | n/a | n/a |
| Construction | | n/a | n/a | n/a |
| Transport Storage and communication | | n/a | n/a | n/a |
| Private households | | n/a | n/a | n/a |
| Undetermined | | n/a | n/a | n/a |
| Total | | 0 | 0 | 0 |
| | | T 3.11.3 | | |

Comment on local job opportunities:

The Municipality facilitates Creation of job opportunities and promotion of poverty alleviation strategies to ensure sustainable livelihoods, and Compilation of a quarterly report on job opportunities created.

Chapter 3

There are Temporary labour intensive job opportunities created through various projects and government initiatives (EPWP programmes) running within the municipal jurisdiction.

A significant increase in job opportunities was recorded during 2017/18 due to a higher allocation of subsidised housing units and other infrastructural projects being implemented around Dipaleseng; whereby majority of emerging companies (SMMEs) managed to sub-contract.

There were various construction projects running within the municipal jurisdiction ranging from roads, buildings, upgrade and/or development of sewer plants and installation of pipelines. These projects have a made an impact within the community as there has been employment opportunities created.

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Table 63: Jobs Created by LED Indicatives

| Jobs Created during by LED Initiatives (Excluding EPWP projects) | | | | |
|--|---------------------|---|---------------------------------------|--|
| Total Jobs created / Top 3 initiatives | Jobs created No. | Jobs lost/displaced by other initiatives No. | Net total jobs created in year No. | Method of validating jobs created/lost |
| Total (all initiatives) | | | | |
| 2015/16 | 0 | 0 | 0 | 0 |
| 2016/17 | 0 | 0 | 0 | 0 |
| 2017/18 | 0 | 0 | 0 | 0 |
| | | | | |
| Initiative A: 2015/16 | 0.00 | 0.00 | 0.00 | 0.00 |
| Initiative B: 2016/17 | 0.00 | 0.00 | 0.00 | 0.00 |
| Initiative C 2017/18 | | | | |
| | | | | T 3.11.5 |

Reports submitted on quarterly basis

Table 64: Jobs Created by EPWP Indicatives

| Job creation through EPWP* projects | | |
|---|---------------|------------------------------------|
| | EPWP Projects | Jobs created through EPWP projects |
| Details | No. | No. |
| 2017/18 | 6 | 131 |
| 2016/17 | 3 | 133 |
| 2015/16 | 6 | 88 |
| *Source - Extended Public Works Programme | | |
| | | T 3.11.6 |

Table 65: LED Policy Objectives

| Local Economic Development Policy Objectives Taken From IDP | | | | | | | | |
|---|---------------------------|---------|--------|---------|--------|---------|--------|-----------------|
| Service Objectives | Outline Service Targets | 2015/16 | | 2016/17 | | 2017/18 | | 2018/19 |
| <i>Service Indicators</i> | | Target | Actual | Target | Actual | Target | Actual | *Following Year |
| Service Objective: Local Economic Development | | | | | | | | |
| Job Creation | No of workshops conducted | 4 | 2 | 4 | 2 | 4 | 1 | 4 |
| | | | | | | T3.11.7 | | |
| Source: Annual Performance report 2017/18 | | | | | | | | |

Chapter 3

Table 66: LED Employees

| Employees: Local Economic Development Services | | | | | |
|--|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 1 | 5 | 1 | 4 | 80% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 1 | 5 | 1 | 4 | 80% |

Table 67: LED Financial Performance

| Financial Performance Year: Local Economic Development Services | | | | | | R'000 |
|--|---------|---------|-----------------|-------------------|--------|--------------------|
| Details | 2015/16 | 2016/17 | 2017/18 | | | Variance to Budget |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | |
| Total Operational Revenue | - | - | - | - | - | 0% |
| Expenditure: | | | | | | |
| Employees | - | - | - | - | - | 0% |
| Repairs and Maintenance | - | - | - | - | - | 0% |
| Other | - | - | - | - | - | 0% |
| Total Operational Expenditure | - | | - | - | - | 0% |
| Net Operational Expenditure | - | | - | - | - | 0% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | | |
| | | | | | | T 3.11.9 |

Comment:

LED is unfunded mandate of the municipality; however the financial performance and/or budget is being reported for the whole Planning and Economic Development department.

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Table 68: LED Capital Expenditure

| Capital Expenditure: Economic Development Services | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | |
| | | | | | T 3.11.10 |

Comment on local economic development performance overall:

The Local Development Forum (LEDf) which was scheduled to sit on a quarterly basis managed to sit twice, however the working groups as per identified pillars in the LED strategy had regular meetings and shared information with the business community in general.

There is further facilitation and coordination of workshops and trainings for different economic related topics with other departments to empower local SMME's (at least to per quarter. The Municipality is playing a connector role in respect of LED through seeking support from different government instruments (support of the Sector Education and Training Authorities (SETAs); and non-governmental backing initiatives that municipalities can tap into for resources e.g Sasol, Eskom etc. to address skills development. It must be noted that out of the four (4) planned skills development initiatives only two (2) were achieved.

SMME data base developed and updated as and when new profiles are submitted and shared with major businesses upon request for subcontracting, supply and delivery of services as and when required.

The Municipality is gradually implementing the LED strategy with partnership with Companies like Sasol Mining and Eskom playing a major part in providing financial assistance towards implementation of projects.

COMPONENT D: COMMUNITY& SOCIAL SERVICES

This component includes: Libraries and Archives; Museums Arts and Galleries; Community Halls; Cemeteries and Crematoria; Child care; Aged care; Social Programmes, Theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The Community Services and Public Safety Directorate is responsible for the coordination and implementation of Traffic and Licensing, Waste Management, Libraries, Disaster management, Fire and Rescue, Parks, Cemeteries, Open Spaces, Hall and Sporting Faculties.

Environmental Health Practioners (EHP) employees: The service is provided by the Gert Sibande District Municipality. One official is deployed to assist in Dipaleseng Local Municipality.

3.12 LIBRARIES; COMMUNITY FACILITIES; OTHER

INTRODUCTION TO LIBRARIES; COMMUNITY FACILITIES

The main function of the library services division is as follows:

- Ensures that the community receives free access to information
- Conducts awareness to crèches, schools and the community at large. The outreach programmes are informed by the Regional library in partnership with DLM

The Municipality has three libraries, one in Balfour, Grootvlei and the other facility in Nthorwane. They all operate on a full-time basis.

The Municipality operates and maintains four (4) Community Halls in each of the following areas:

- Nthorwane
- Balfour
- Siyathemba
- Grootvlei

In the financial year of 2017/18 an additional facility was handed over to the Municipality by the GSDM; presently DLM responsibility.

With respect to Municipal buildings the division ensures that

- The Municipal buildings are well maintained
- Bookings of halls
- Cleaning of halls

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Table 69: Libraries Policy Objectives

| Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP | | | | | | | |
|---|-------------------------|---------|--------|---------|--------|---------|--------|
| Service Objectives <i>Service Indicators</i> | Outline Service Targets | 2015/16 | | 2016/17 | | 2017/18 | |
| | | Target | Actual | Target | Actual | Target | Actual |
| Service Objective: Improve community well-being | | | | | | | |
| Community Upliftment | Provision of Libraries | 2 | 2 | 3 | 1 | 3 | 2 |
| | | | | | | | |
| | | | | | | | |
| T3. 12.3 | | | | | | | |

Chapter 3

Table 70: Libraries Employees

| Employees: Libraries and Community Facilities | | | | | |
|---|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/7 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 1 | 1 | 1 | 0 | 0% |
| 7 - 9 | 1 | 1 | 4 | 1 | 25% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 1 | 2 | 1 | 2 | 50% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 3 | 4 | 6 | 3 | 25% |

*Three permanent employees, one contract (DCSR) and two interns (DCSR).

Table 71: Libraries Financial Performance

| Financial Performance: Libraries and Community Facilities | | | | | | |
|---|---------|---------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | | |
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 10 | 12 | 13 | | 13 | -4% |
| Expenditure: | | | | | | |
| Employees | 464 | 269 | 519 | | 240 | -117% |
| Repairs and Maintenance | - | - | | | | 0% |
| Other | - | - | | | | 0% |
| Expenditure | 464 | 269 | 519 | - | 240 | -117% |
| Expenditure | (454) | (257) | (506) | - | (227) | -123% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | | T 3.12.5 |

Table 72: Libraries Capital Expenditure

| Capital Expenditure: Libraries and Community Facilities; | | | | | |
|---|--------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | |
| T 3.12.6 | | | | | |

Comment on the performance of libraries:

No capital expenditure was incurred in the year under review.

3.13 CEMETERIES AND CREMATORIALS

INTRODUCTION TO CEMETERIES AND CREMATORIALS

It is noted that the division of powers and functions between the District Municipality and Local Municipalities were adjusted by the MEC for Local Government and Housing in terms of sections 16 and 85 of the Municipal Structures Act, 1998, and published in the Provincial Gazette No. 878, dated 07 March 2003. Some district Municipal powers and functions were thus transferred to local Municipalities, including that of the establishment, conduct and control of cemeteries and crematoria serving the Municipal area.

The policy objective with respect to cemeteries is to maintain existing facilities and acquire suitable land in 2017/18 to construct an additional one. No permanent staffs are employed.

From an operational viewpoint the division is responsible for the management of the cemeteries under its control.

Chapter 3

Table 73: Cemeteries Financial Performance

| Financial Performance : Cemeteries and Crematoriums | | | | | | R'000 |
|--|---------|---------|-----------------|-------------------|--------|--------------------|
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 138 | 129 | 162 | | 140 | 100% |
| Expenditure: | | | | | | |
| Employees | 82 | 13 | 91 | | – | |
| Repairs and Maintenance | – | | | | | 0% |
| Other | 4 | 5 | 7 | | 20 | 100% |
| Total Operational Expenditure | 86 | 18 | 98 | | 20 | 100% |
| Net Operational surplus/deficit | 52 | 111 | 63 | – | 121 | 100% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | | T 3.13.5 |

Table 74: Cemeteries Capital Expenditure

| Capital Expenditure: Cemeteries | | | | | | R' 000 |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|--------|
| Capital Projects | 2017/18 | | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value | |
| Total All | - | - | - | 0% | | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | | |
| T 3.13.6 | | | | | | |

Comment on the performance of cemeteries and crematoriums overall:

No further comment is to be made for the period under review other than to reiterate that the policy objective with respect to cemeteries was to maintain existing facilities.

3.14 CHILDCARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The Municipality did not conduct any programmes in the current year due to financial constraints.

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: Pollution Control; Biodiversity and Landscape; and Coastal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental protection comprises of human health, including the quality of life, determined by physical biological social and psych-social factors in the environment. It also refers to the theory and practice of ascertaining correcting; controlling and preventing those factors in the environment can have adverse effects to the health of people.

Services provided by the GSDM include the monitoring of all business sites as well as the following:

- Ensure compliance with the Act
- Conduct awareness campaigns
- Monitor municipal infrastructure e.g. water, spillages, etc.

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

Environmental protection is the practice of protecting the natural environment. Dipaleseng Local Municipality has an air monitoring station and water sampling is done on a monthly basis to ensure that the community receives water that meets the standards of the National Water Act. These roles and responsibility for pollution control is provided by the District municipality of GSDM Environmental Health Practitioners (EHP) whose duties include the following:

- Increase awareness to ensure compliance to the National Health Act
- Ensure compliance to Air Quality Standard by taking reading and monitoring the air quality station on a monthly basis
- Ensure compliance to water quality standard for the community to receive good and healthy water

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The municipality has currently no capacity to implement a Bio-Diversity programme.

Table 75: Biodiversity, Landscape and Other Policy Objectives

| Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP | | | | | | | |
|---|---|---------|--------|---------|--------|---------|--------|
| Service Objectives Service Indicators | Outline Service Targets | 2015/16 | | 2016/17 | | 2017/18 | |
| | | Target | Actual | Target | Actual | Target | Actual |
| Service Objective: Improve community well-being | | | | | | | |
| SDBIP Indicators: | | | | | | | |
| | Provide safe, healthy and sustainable environment | NA | NA | NA | NA | N/A | NA |
| | | | | | | | |
| ❖ It is not the competency of the Municipality. | | | | | | | |
| T3. 16.3 | | | | | | | |

Chapter 3

Table 76: Parks and Recreation Employees

| Parks and recreation | | | | | |
|----------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 2 | 7 | 2 | 5 | 71% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 2 | 7 | 2 | 5 | 71% |

Table 77: Parks and Recreation Financial Performance

| Financial Performance: Parks and Recreation | | | | | | |
|---|---------|---------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | | |
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | – | – | | | | 0% |
| Expenditure: | | | | | | |
| Employees | 183 | 144 | 253 | | 316 | 100% |
| Repairs and Maintenance | – | – | | | | 0% |
| Other | – | – | | | | 0% |
| Total Operational Expenditure | 183 | 144 | 253 | – | 316 | 100% |
| Net Operational Expenditure | (183) | (144) | (253) | – | (316) | 100% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | | T 3.16.5 |

Chapter 3

Table 78: Parks and Recreation Capital Expenditure

| Capital Expenditure: Parks and recreation | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | |
| | | | | | T 3.16.6 |

Comment on the performance of Parks and Recreation overall:

The division provides services with respect to the following components:

- Ensure that all Parks, Sport Facilities, Taxi ranks, Streets are clean and well maintained
- Monitoring and maintaining of the Parks and Recreation
- Development of both children play parks and adults parks

No parks have been developed for a period under review.

The Department is currently experiencing challenges with the Municipal Sport Facilities that need renovation and upgrading. However money has been allocated by MIG under registration number MIG/MP1655/5/18/19 for the upgrading of Siyathemba Stadium.

Chapter 3

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

INTRODUCTION TO HEALTH

Municipal Health service is the competence of the District Municipality. Gert Sibande District Municipality has deployed one Environmental Health Practitioner (EHP) to assist with Environmental Health Services within Dipaleseng Local Municipality

3.17 CLINICS

INTRODUCTION TO CLINICS

The Province has assumed all responsibility in the Municipal District for the provision of health-care related services such as clinics, ambulance services etc.

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

Not applicable to this Municipality responsibility with Province

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Not a core functions of the Municipality. This function is performed by the District Municipality.

Chapter 3

COMPONENT G: SECURITY AND SAFETY

This component includes: Police; Fire; Disaster Management, Licensing and Control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY AND SAFETY

3.20 TRAFFIC

INTRODUCTION TO TRAFFIC

The main function performed by this division is as follows:

- Increase awareness and enforcement of Traffic and Transport rules and regulations
- Manage the delivery of effective and efficient Traffic control and Motor Vehicle licensing services

Table 79: Traffic Statistics

| Municipal Traffic Service Data | | |
|--------------------------------|---|------------|
| | Details | 2017/18 |
| | | Actual No. |
| 1 | Number of road traffic accidents during the year | 0 |
| 2 | Number of law infringements attended | 66 |
| 3 | Number of traffic officers in the field on an average day | 3 |
| 4 | Number of traffic officers on duty on an average day | 5 |

Comments on Traffic Enforcement:

The rendering of services, particularly Traffic and Licensing have been adversely affected by shortage of staff and equipments. There is poor visibility of Traffic Officers as result law enforcement is adversely affected.

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

The division promotes and Increases awareness to ensure compliance to Disaster Management Act.

The Fire and Rescue Services have personnel strength of two (5) staff members, both fire fighters. This has subsequently been augmented in 16/17 with the appointment of a Chief Officer. The service is not operational on a 24-hour basis due to shortage of personnel and Equipments. The Division respond partially to Emergency incidents, which include fires, vehicle collisions, entrapments/rescues and various other related special services. The service strives to respond to all emergency calls during operational hours within a ten (10) minute timeframe from receipt of call to dispatch of the vehicles; currently the goal is to have 80% compliance as a benchmark. The focus of the service will change from a response outlook to that of a preventative nature. During the forthcoming 17/18 financial year various school talks will be conducted by the fire fighters and additional education programs are in the planning phase to include rural settlements also. Data for the past years is not available due to facility only becoming fully functional in due course.

Table 80: Fire Service Statistics

| | Details | 2015/16 | 2016/17 | 2017/18 |
|---|---|------------|------------|------------|
| | | Actual No. | Actual No. | Actual No. |
| # | Total Fires attended in the year | 100 | 20 | 20 |
| # | Total of other incidents attended in the year | 85 | 60 | 60 |
| # | Average turnout time- urban areas | 15min | 15min | 15min |
| # | Average turnout time-rural areas | 30min | 30min | 30min |
| # | Fire fighters in post at year end | 6 | 6 | 6 |
| # | Total fire appliances year end | 2 | 2 | 2 |
| # | Average number of appliance of the road during the year | 2 | 2 | 2 |

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Table 81: Fire Services Policy Objectives

| Fire Service Policy Objectives Taken From IDP | | | | | | | |
|---|---|---------|--------|----------|--------|---------|--------|
| Service Objectives <i>Service Indicators</i> | Outline Service Targets | 2015/16 | | 2016/17 | | 2017/18 | |
| | | Target | Actual | Target | Actual | Target | Actual |
| Service Objective: Improve community well-being (Safety and Security) | | | | | | | |
| | | | | | | | |
| Response time | Prevent loss of lives through response time to fires. | 100% | 60% | 100% | 60% | 100% | 60% |
| | | | | T3. 21.3 | | | |

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Table 82: Fire Services Employees

| Employees: Fire Services | | | | | |
|--------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| Fire Fighters | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| Administrators | No. | No. | No. | No. | % |
| Chief Fire Officer | | | | | |
| Other Fire Officers | | | | | |
| 0 - 3 | 0 | 1 | 1 | 0 | 0 |
| 4 - 6 | 0 | 0 | 0 | 0 | 0 |
| 7 - 9 | 6 | 7 | 6 | 1 | 45% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |

Table 83: Fire Services Financial Performance

| Financial Performance: Fire Services | | | | | | |
|--|--------------|--------------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | | |
| Details | Year 2015/16 | Year 2016/17 | Year 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - | 0% |
| Expenditure: | | | | | | |
| Fire fighters | - | - | - | - | - | |
| Other employees | | | | | | 0% |
| Repairs and Maintenance | - | - | - | - | - | 0% |
| Other | - | - | - | - | - | 0% |
| Total Operational Expenditure | - | - | - | - | - | 0% |
| Net Operational Expenditure | - | - | - | - | - | 0% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | | |
| T 3.21.5 | | | | | | |

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Table 84: Fire Services Capital Expenditure

| Capital Expenditure: Fire Services | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | - | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | |
| | | | | | T 3.21.6 |

Comment on the performance of fire services overall:

The facility will only become fully functional in 2017/18 financial years.

3.22 DISASTER MANAGEMENT

INTRODUCTION TO DISASTER MANAGEMENT

This is not a core function of the Municipality as the District is responsible for the operation and funding of the Disaster centre within the Municipality

Table 85: Disaster Management Policy Objective

| Fire Service Policy Objectives Taken From IDP | | | | | | | |
|--|---------------------------------------|---------|--------|---------|--------|---------|--------|
| Service Objectives <i>Service Indicators</i> | Outline Service Targets | 2015/16 | | 2016/17 | | 2017/18 | |
| | | Target | Actual | Target | Actual | Target | Actual |
| Service Objective: Improve community well-being (Disaster Management) | | | | | | | |
| SDBIP indicators | | | | | | | |
| To develop and implement a comprehensive Disaster Management programme | Functional Disaster Management Centre | 100% | 100% | 100% | 100% | 100% | 100% |
| | | | | T3.22.3 | | | |

Chapter 3

Table 86: Disaster Management Employees

| Employees: Disaster Management Etc | | | | | |
|------------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0 |
| 4 - 6 | 0 | 0 | 0 | 0 | 0 |
| 7 - 9 | 0 | 0 | 0 | 0 | 0 |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 |

N.B.: This function is performed at the District level

Table 87: Disaster Management Financial Performance

| Financial Performance Year: Disaster Management Etc | | | | | | | R'000 |
|---|---------|---------|-----------------|-------------------|--------|--------------------|-------|
| Details | 2016/17 | 2017/18 | 2017/18 | | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | - | | - | - | - | 0% | |
| Expenditure: | | | | | | | |
| Employees | - | | - | - | - | 0% | |
| Repairs and Maintenance | - | | - | - | - | 0% | |
| Other | - | | - | - | - | 0% | |
| Expenditure | - | | - | - | - | 0% | |
| Expenditure | - | | - | - | - | 0% | |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | | T 3.22.5 | |

Table 88: Disaster Management Capital Expenditure

| Capital Expenditure: Disaster Management | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | T 3.22.6 |

Comment on the performance of disaster management:

THIS FUNCTION IT'S A RESPONSIBILITY OF GERT SIBANDE DISTRICT MUNICIPALITY

Chapter 3

COMPONENT H: SPORT AND RECREATION

This component includes: Community Parks; Sports fields; Sports Halls; Stadiums; Swimming pools; and Camp sites.

3.23 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The Municipality has no post budgeted to provide services in this regard and currently the appointed Transversal Coordinator assumes responsibility for any ad hoc initiatives that are implemented.

Table 89: S&R Policy Objectives

| Sports and Recreation Policy Objectives Taken From IDP | | | | | | |
|---|-------------------------|---------|--------|---------|--------|----------|
| Service Objectives <i>Service Indicators</i> | Outline Service Targets | 2015/16 | | 2016/17 | | 2017/18 |
| | | Target | Actual | Target | Actual | Actual |
| Service Objective: Improve community well-being (Sport, Arts and Culture) | | | | | | |
| | | | | | | |
| Community Development and cohesion | | n/a | n/a | n/a | n/a | n/a |
| | | | | | | T3. 23.2 |

Chapter 3

Table 90: S&R Employ

| Employees: Sport and Recreation | | | | | |
|---------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/1777 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0 |
| 4 - 6 | 0 | 0 | 0 | 0 | 0 |
| 7 - 9 | 0 | 0 | 0 | 0 | 0 |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 |

Table 91: S&R Financial Performance

| Financial Performance: Parks and Recreation | | | | | | R'000 |
|---|---------|---------|-----------------|-------------------|--------|--------------------|
| Details | 2013/14 | 2014/15 | 2016/17 | | | Variance to Budget |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | |
| Total Operational | - | - | - | - | - | 0% |
| Expenditure: | | | | | | |
| Employees | 219 | 285 | 126 | 219 | 183 | -20% |
| Repairs and Maintenance | | | - | - | - | 0% |
| Other | 117 | - | - | - | - | 0% |
| Total Operational | 336 | 336 | 126 | 219 | 183 | -20% |
| Net Operational | -336 | -336 | -126 | -219 | -183 | -20% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | | T 3.16.5 |

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Table 92: S&R Capital Expenditure [CSPS]

| Capital Expenditure: Sport and Recreation | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0 | 0 |
| Project A | 0 | 0 | 0 | 0 | 0 |
| Project B | 0 | 0 | 0 | 0 | 0 |
| Project C | 0 | 0 | 0 | 0 | 0 |
| Project D | 0 | 0 | 0 | 0 | 0 |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | T 3.23.5 |

Comment on the performance of sport and recreation overall:

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES

The Office of the Municipal Manager is responsible for Good Corporate Governance and Public Participation; the Finance Department is responsible for financial management and administration; the Corporate Services Department is responsible for general administration, human resources management, ICT as well as committee secretarial support, whilst the Planning and Development Department administers land-use management and stimulation of economic development; and Community Services and Public Safety administers waste management, emergency services and council properties.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

The Mayoral Committee held twelve (12) meetings and made decisions on matters delegated to it, and it reported to Council which held twenty one (21) meetings which included approval of the Budget, IDP Review, Auditor General's Report and Annual Report. Several Special Council and Mayoral Committee meetings were held as detailed in the following table. However, cognizance should be given to the fact that there are certain urgent issues that necessitated council and Mayoral committee respectively to convene and deliberate on those issues.

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Table 93: Mayoral, Council and Special Meetings

Table 94: Exec and Council Policy Objectives

| Executive and Council Policy Objectives Taken From IDP | | | | | | | |
|--|---|---------|--------|---------|--------|----------|--------|
| Service Objectives | Outline Service Targets | 2015/16 | | 2016/17 | | 2017/18 | |
| Service Indicators | | Target | Actual | Target | Actual | Target | Actual |
| | Meetings Convened by Mayoral Committee | | | | | | |
| | Democratic and accountable organisation | | | | | | |
| Good Governance and Community Participation | Cooperative and Democratic Governance, number of meetings | 11 | 11 | 11 | 11 | 11 | 12 |
| | Meetings Convened by Council | | | | | | |
| | | 2015/16 | | 2015/16 | | 2016/17 | |
| | | Target | Actual | Target | Actual | Target | Actual |
| | | 4 | 4 | 4 | 21 | 4 | 14 |
| | | | | | | T3. 24.3 | |

Chapter 3

Table 95: Exec and Council Employees

| Employees: The Executive and Council | | | | | |
|--------------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 12 | 7 | 3 | 4 | 57,1% |
| 4 - 6 | 0 | 4 | 2 | 2 | 50% |
| 7 - 9 | 0 | 1 | 1 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |
| Total | 12 | 12 | 5 | 6 | 58% |

Table 96: Exec and Council Financial Performance

| Financial Performance: The Executive and Council | | | | | | |
|---|---------|------------|-----------------|-------------------|--------|--------------------|
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| | | | | | | |
| Total Operational Revenue | 52,693 | 54,515,521 | 58,527 | 58,527 | 57,645 | -2% |
| Expenditure: | | | | | | 0% |
| Employees | 5,022 | 5,103,823 | 5,466 | 5,466 | 5,063 | -8% |
| Repairs and Maintenance | - | | | | | 0% |
| Community Participation | 38,893 | 32,205,415 | 14,812 | 14,812 | 14,712 | 0% |
| Expenditure | 43,921 | 37,309,238 | | | | |
| Expenditure | 8,772 | 17,206,283 | 58,527 | 58,527 | 57,645 | -2% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | | T 3.24.5 |

| Capital Expenditure | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | |
| Project A | - | - | - | 0% | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | T 3.24.6 |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | T 3.24.6 |

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Comment on the performance of the executive and Council

The Mayoral Committee held twelve (12) meetings and made decisions on matters delegated to it and report to Council which held fourteen (14) meetings which included approval of the Budget, IDP Review, Auditor General's Report and Annual Report.

Chapter 3

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The Department Financial Services is responsible for the delivery of all financial-related services to the Municipality.

This includes the following:

- Financial guidance.
- Budget, financial statements and related aspects.
- Expenditure management, which includes salaries and wages.
- Income and account services.
- Supply chain management services

The aim of this Department is to keep the financial position of the Municipality stable and to ensure that it will continue to being able to not only meeting its financial commitments but to ensure that economically viable services are rendered to the community on an effective and efficient manner. To maintain the present high standard of financial services the Municipality must adhere to many acts and other legal prescripts, policies, regulations.

Table 97: Financial Services Employees [Needs to be cleaned up]

| Employees: Financial Services | | | | | | |
|--|-----------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2015/16 | 2015/16 | 2017/18 | | | |
| | Employees | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | No. | % |
| 0 - 3 | 2 | 2 | 4 | 2 | 2 | 50% |
| 4 - 6 | 5 | 5 | 5 | 5 | 0 | 0% |
| 7 - 9 | 3 | 3 | 5 | 3 | 2 | 40% |
| 10 - 12 | 9 | 7 | 14 | 6 | 7 | 50% |
| 13 - 15 | | 0 | 0 | 0 | 0 | |
| 16 - 18 | | | | | | |
| 19 - 20 | | | | | | |
| Total | 19 | 17 | 28 | 16 | 11 | |
| <p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</p> <p>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> | | | | | | |

T 3.25.4

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Table 98: Financial Services Financial Performance

| Financial Performance: Financial Services | | | | | | |
|---|---------|-------------|-----------------|-------------------|----------|--------------------|
| R'000 | | | | | | |
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 25 454 | 34 911 950 | 27 503 | | 30 025 | 8% |
| Expenditure: | | | | | | |
| Employees | 10 102 | 6 777 598 | 6 795 | | 8 266 | 18% |
| Repairs and Maintenance | - | | | | | 0% |
| Other | 48 367 | 43 450 847 | 27 400 | | 35 656 | 23% |
| Expenditure | 58 469 | 50 228 445 | 34 195 | - | 43 922 | 22% |
| Expenditure | -33 015 | -15 316 495 | (6 691) | - | (13 897) | 52% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Adjustment Budget by the Actual. | | | | | | T 3.25.5 |

| Capital Expenditure: Financial Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. | | | | | T 3.25.6 |

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Management is responsible for labour relations, recruitment and selection, personnel administration as well as skills development.

The Labour Relations function managed to facilitate a few meetings of the Local Labour Forum, administered collective agreements on grievance procedure and disciplinary code.

The Recruitment and Selection function managed to facilitate the filling of critical vacant posts of Directors/HoDs.

The Personnel Administration function also managed to update leave records, administer collective agreement on conditions of services as well as the staff establishment.

The Skills Development Facilitation function managed to develop and submit an annual 2016/17 Employment Equity Report to the Department of Labour, facilitate the development of a 5-Year EE Plan, develop an Annual Workplace Skills Plan for 2017/18 and implement it, as well as submit the Annual Training Report to the

Chapter 3

LGSETA. This was made possible by merging the function of Employment Equity Officer and that of the Skills Development Officer to be performed by the Skills Development Facilitator.

Table 99: HR Policy Objectives

| Human Resource Services Objectives Taken From IDP | | | | | |
|--|--|---------|--------|---------|--------|
| Service Objectives | Outline Service Targets | 2015/16 | | 2016/17 | |
| Service Indicators | | Target | Actual | Target | Actual |
| Objective: Develop entrepreneurial & intellectual capability | | | | | |
| | | | | | |
| Transformation and Institutional development | Institutional capacity and development | 100% | 40% | 100% | 75% |
| | Submit posts for job evaluation | 100% | 0% | 100% | 30% |
| | Fill vacant posts | 100% | 55% | 100% | 45% |
| | | | | | |
| T3.71.3 | | | | | |

Chapter 3

Table 100: HR Employees

| Employees: Human Resource Services | | | | | |
|------------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 3 | 3 | 3 | 0 | 0% |
| 4 - 6 | 3 | 3 | 3 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 3 | 100% |
| 10 - 12 | 0 | 1 | 0 | 1 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 6 | 7 | 6 | 4 | |

Table 101: HR Financial Performance

| Financial Performance: Human Resource Services | | | | | | R'000 |
|---|---------|----------|-----------------|-------------------|----------|--------------------|
| Details | 2015/16 | 2015/16 | 2017/18 | | | Variance to Budget |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | |
| Total Operational Revenue | - | - | - | | | 0% |
| Expenditure: | | | | | | |
| Employees | 8,422 | 7,875 | 9,254 | 9,254 | 8,766 | -6% |
| Repairs and Maintenance | | | | | | 0% |
| Other | 5,227 | 3,564 | 4,095 | 79 | 4,175 | 2% |
| Expenditure | 13,649 | 11,440 | 13,349 | 9,333 | 12,941 | -3% |
| Expenditure | -13,649 | (11,440) | (13,349) | (9,333) | (12,941) | -3% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Adjustment Budget by the Actual. | | | | | | T 3.26.5 |

Chapter 3

Table 102: HR Capital Expenditure

| R' 000 | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | T 3.26.6 |

Comment on the performance of Human Resource Services overall:

The Human Resources Management is managing human resources and administer LLF meetings as well as facilitate the process for the filling of vacant critical posts, as well as ensure compliance with the Employment Equity Act and the Skills Development Act through implementation of the Annual Workplace Skills Plan.

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Information and Communication Technology services is responsible for the provision of integrated ICT Support which includes acquisition of telephone system, mobile phones, internet connectivity, end-user support, systems administration and ICT infrastructure.

Chapter 3

Table 103: ICT Policy Objectives

| ICT Services Objectives Taken From IDP | | | | | | | |
|--|------------------------------------|---------|--------|---------|--------|----------|--------|
| Service Objectives | Outline Service Targets | 2015/16 | | 2016/17 | | 2017/18 | |
| Service Indicators | | Target | Actual | Target | Actual | Target | Actual |
| Objective: Manage through information | | | | | | | |
| | | | | | | | |
| ICT Infrastructure | Upgrade ICT Infrastructure Network | 100% | 80% | 100% | 50% | 100% | 50% |
| | | | | | | T3. 27.3 | |

Chapter 4

Table 104: ICT Employ

| Employees: ICT Services | | | | | |
|-------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 1 | 0 | 1 | 100% |
| 4 - 6 | 0 | 1 | 0 | 1 | 100% |
| 7 - 9 | 0 | 2 | 2 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 0 | 4 | 2 | 2 | 50% |

Chapter 4

Table 105: ICT Financial Performance

| Financial Performance: ICT Services | | | | | | |
|---|---------|---------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | | |
| Details | 2015/16 | 2016/17 | 2017/18 | | | |
| | Actual | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - | |
| Expenditure: | | | | | | |
| Employees | - | - | - | - | - | |
| Repairs and Maintenance | - | - | - | - | - | |
| Other | - | - | 1,629 | - | 1,746 | -7% |
| Expenditure | - | - | 1,629 | - | 1,746 | -7% |
| Expenditure | - | - | 1,629 | - | 1,746 | -7% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | | T 3.27.5 |

Table 106: ICT Capital Expenditure

| Capital Expenditure: ICT Services | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | |
| T 3.27.6 | | | | | |

Comment on the performance of ICT services overall:

ICT managed to provide continued end-user support, but due to lack of IT Strategy and Plan as well as limited human resource capacity and budget and therefore managed to deliver on part of its mandate through municipal systems Infrastructure grants [MSIG].

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

LEGAL SERVICES

The objective of Legal Services is to provide an efficient and effective legal service to DLM. The top three services delivered includes litigation, labour relations and contract management.

The Municipality experienced an increase in litigation as well as labour relations disputes against the municipality, where possible the Municipality attempted to settle matters thus avoiding long and costly litigation. Problem areas have also been identified (e.g.; poor contract management by project managers; lack of legal services framework and labour relations strategy) and remedial action will be taken.

RISK MANAGEMENT

The Municipality did not have a functional Risk Management Committee to ensure Risk Governance and a did not have a designated Risk Officer, however the MPAC was functional and the Internal Audit function was functional as a Manager: Internal Auditor was appointed (2015) to oversee that unit. Council has an approved risk policy that guides risk objective setting, risk identification, risk assessment and risk response.

PROPERTY MANAGEMENT

Property management is going through some transformation aimed at reorganising the processes, systems and structures to maximise efficiency. The transformation process involves the transfer of office cleaning and maintenance from Corporate Services and certain aspects of property management from Planning and Development to Community Services and Public Safety. The process will be concluded in the next financial year.

Chapter 4

Table 107: Legal Employees

| Employees: Legal, Risk Management and Procurement Services | | | | | |
|--|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 2 | 2 | 1 | 0 |
| 4-6 | 1 | 1 | 1 | 1 | |
| 7-9 | 0 | 0 | 0 | 0 | |
| 10-12 | 0 | 1 | 0 | 1 | |
| 13 - 15 | 0 | 0 | 0 | 0 | |
| 16 - 18 | 0 | 1 | 1 | 0 | |
| 19 - 20 | 0 | 0 | 0 | 0 | |
| Total | 2 | 5 | 4 | 3 | 1 |
| Source: | | | | | T3. 28.4 |

Table 108: Legal Financial Performance

| Financial Performance: Legal Administration | | | | | |
|---|---------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | |
| Details | 2016/17 | 2017/18 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | 0 | 0 | 0 | |
| Expenditure: | | | | | |
| Employees | 0 | 0 | 0 | 0 | |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | |
| Other | 0 | 0 | 948 | 936 | 1% |
| Total Operational Expenditure | 0 | 0 | 948 | 936 | 1% |
| Net Operational Expenditure | 0 | 0 | 948 | 936 | 1% |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | |
| T 3.28.5 | | | | | |

Comment on the performance of Legal, Risk Management and Procurement Services overall:

The Legal, Risk and Procurement Services is undergoing transformation with the filling of vacant critical posts in the Supply Chain Unit and problems in legal services being identified for urgent attention. The Risk management function will be strengthened with the establishment of Risk Committee and the designation of a Risk Officer in the next financial year.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

INTRODUCTION

The purpose of this report is to give feedback regarding the performance of the Dipaleseng Local Municipality as required through The Municipal Systems Act No 32 of 2000 and Municipal Finance Management Act No 52 of 2003. The information included in this report is based on the IDP¹ and SDBIP² as developed for the financial year **2017/18**. The scorecards were developed to reflect *cumulative performance*, therefore the status of indicators are a reflection of the overall performance level achieved in the financial year under review.

This report is based on information received from each department for annual assessment of performance ending June 2017. Overall performance for the Dipaleseng Local Municipality is based on the Departmental Performance scorecard which is inclusive of all the IDP, SDBIP indicators and Projects. Sub-sections are included that discuss the progress made in achieving the targets as detailed in each scorecard in terms of the contribution made by each Department.

This report serves as a summary of results developed to reflect *cumulative performance*, therefore the status of indicators are a reflection of the overall performance level achieved in the year under review

This report serves as the Final Annual Performance Report for the **financial year 2017/18 ending June 2018**. It provides feedback on the performance level achieved to date against the targets as set out in the IDP and SDBIP. Where under performance has been experienced the respective concerns or mitigating reasons are highlighted and detail pertaining to the relevant measures being implemented or those that need to be implemented are included thereto.

The overall performance for the Dipaleseng Local Municipality is based on the Departmental Performance Scorecard as this contains all of the indicators as included in the IDP, SDBIP Scorecards.

A total of 119 KPIs and 55 projects encompassing the different scorecards were measured for the financial year under review. The overall achievement of the municipality is depicted in the table below, with 54% achievements.

The main challenge related to finances with the Municipality operating on a deficit budget due to the low levels of revenue collection experienced in the current year. This state of affairs seriously curtailed the implementation of key programmes and projects as well as restricting the appointment of key personnel.

The detail pertaining to the Key Performance Indicators (KPIs) and Projects of the Directorate's departmental individual performance are reflected in Appendix U attached.

¹Integrated Development Plan

² Service Delivery and Budget Implementation Plan

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 109: Vacancy Rate

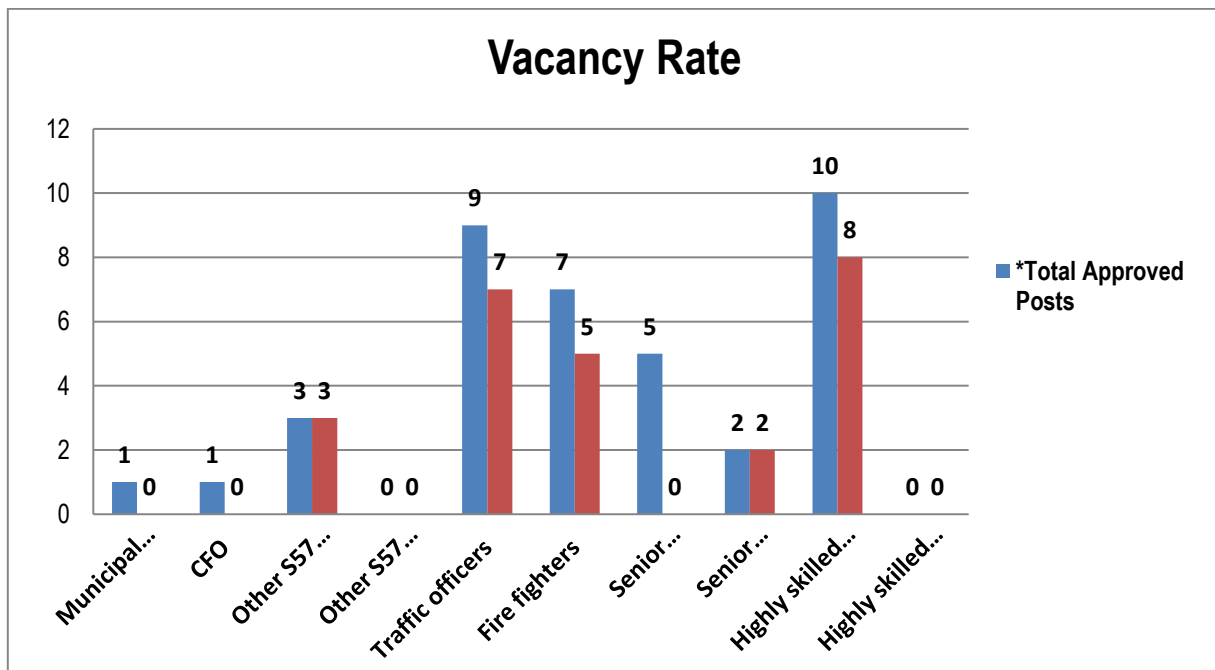
| Occupational Levels | Male | | | | Female | | | | Foreign Nationals | | |
|--|------|---|---|---|--------|---|---|---|-------------------|--------|-----|
| | A | C | I | W | A | C | I | W | Male | Female | |
| Top management | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 3 |
| Senior Management | 6 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 9 |
| Professionally qualified and experienced specialists and mid-management | 4 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 7 |
| Skilled technical and academically qualified workers, junior management , supervisors, foreman and superintendents | 24 | 0 | 0 | 1 | 18 | 0 | 0 | 2 | 0 | 0 | 43 |
| Semi-skilled and discretionary decision | 32 | 0 | 1 | 0 | 21 | 0 | 0 | 0 | 0 | 0 | 54 |
| Unskilled and defined decision making | 53 | 0 | 0 | 1 | 8 | 0 | 0 | 0 | 0 | 0 | 62 |
| TOTAL PERMANENT | 121 | 0 | 1 | 1 | 53 | 0 | 0 | 2 | 0 | 1 | 178 |
| Temporary employees | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| GRAND TOTAL | 121 | 0 | 1 | 1 | 53 | 0 | 0 | 2 | 0 | 1 | 178 |

Chapter 4

Table 110: Vacancies in 2017/18

| Vacancy Rate: 2017/18 | | | |
|---|-----------------------|---|--|
| Designations | *Total Approved Posts | *Vacancies (Total time that vacancies exist using fulltime equivalents) No. | *Vacancies (as a proportion of total posts in each category) % |
| Municipal Manager | 1 | 1 | 100% |
| CFO | 1 | 1 | 100% |
| Other S57 Managers (excluding Finance Posts) | 3 | 1 | 50% |
| Other S57 Managers (Finance posts) | 4 | 1 | 0% |
| Traffic officers | 9 | 7 | 78% |
| Fire fighters | 7 | 5 | 71,% |
| Senior management: Levels 1 (excluding Finance Posts) | 14 | 5 | 53% |
| Senior management: Levels 1(Finance posts) | 15 | 6 | 0% |
| Highly skilled supervision: levels 3(excluding Finance posts) | 15 | 5 | 33% |
| Highly skilled supervision: levels 3(Finance posts) | 4 | 1 | 25% |
| Total | 73 | 32 | 50% |

Figure 6: Vacancy rate



Chapter 4

Table 111: Turn-over R

| Turn-over Rate 2017/18 | | | |
|---|--|--|-----------------|
| Details | Total Appointments as of beginning of Financial Year No. | Terminations during the Financial Year No. | Turn-over Rate* |
| 2017/18 | 25 | 14 | 1.14% |
| 2016/17 | 7 | 8 | 1.14% |
| 2015/16 | 2 | 9 | 0,22% |
| * Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year | | | T 4.1.3 |

Comment on vacancies and turnover:

Vacant funded critical posts and vacancies are now filled on an on-going basis starting in the new Financial Year.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality intends to create a healthy, safe and productive work environment underpinned by an organisational culture that supports the realisation of the IDP/ Budget, Batho Pele code and other strategic objectives of the organisation.

The Municipality complied with the SALGBC Collective Agreements and developed draft policies on workforce management that were submitted to Council, but Council referred them to the Policies and By-Laws Committee of Council for further processing before approval by Council during the **2017/18 financial year**.

Chapter 4

4.2 POLICIES

Table 112: HR Policies and Plans

| HR Policies and Plans | | | | |
|-----------------------|---|-------------|------------|--|
| | Name of Policy | Completed % | Reviewed % | Date adopted by council or comment on failure to adopt |
| 1 | Affirmative Action | 0% | N/A | Under reviewed. |
| 2 | Attraction and Retention | 0% | N/A | Policy need to be reviewed |
| 3 | Code of Conduct for employees | 100% | N/A | SALGBC Collective Agreement |
| 4 | Delegations, Authorisation & Responsibility | 100% | N/A | Approved by Council –C/88/05/17 |
| 5 | Disciplinary Code and Procedures | 100% | N/A | SALGBC Collective Agreement |
| 6 | Essential Services | 0% | N/A | |
| 7 | Employee Assistance / Wellness | 50% | N/A | Policies & By-Laws Committee |
| 8 | Employment Equity | 0% | N/A | Policy need to reviewed |
| 9 | Exit Management | 0% | N/A | N/A |
| 10 | Grievance Procedures | 100% | N/A | SALGBC Collective Agreement |
| 11 | HIV/Aids | 100% | N/A | Policy need to be reviewed |
| 12 | Human Resource and Development plan | 0% | N/A | Need to be reviewed |
| 13 | Information Technology | 100% | N/A | May 2017-Currently under-review |
| 14 | Job Evaluation | 0% | N/A | Dispute on Wage Curve Collective Agreement |
| 15 | Leave | 100% | N/A | April 2016-Currently under-review |
| 16 | Occupational Health and Safety | 0% | N/A | Policy need to reviewed |
| 17 | Official Housing | 100% | N/A | SALGBC Collective Agreement |
| 18 | Official Journeys | 0% | N/A | N/A |
| 19 | Official transport to attend Funerals | 0% | N/A | N/A |
| 20 | Official Working Hours and Overtime | 100% | N/A | SALGBC Collective Agreement |
| 21 | Organisational Rights | 100% | N/A | SALGBC Collective Agreement |
| 22 | Payroll Deductions | 100% | N/A | SALGBC Collective Agreement |
| 23 | Performance Management and Development | 0% | N/A | Policy needs to be reviewed |
| 24 | Recruitment, Selection and Appointments | 100% | N/A | Approved by Council –C88/05/17 |
| 25 | Remuneration Scales and Allowances | 0% | N/A | Dispute on Wage Curve Collective Agreement |
| 26 | Resettlement | 0% | N/A | N/A |
| 27 | Sexual Harassment | 0% | N/A | N/A |
| 28 | Skills Development | 0% | N/A | N/A |
| 29 | Smoking | 0% | N/A | N/A |
| 30 | Special Skills | 0% | N/A | N/A |
| 31 | Work Organisation | 0% | N/A | N/A |
| 32 | Uniforms and Protective Clothing | 0% | N/A | Approved by Council-C88/05/17 |
| 33 | Other: | | | |

Comment on workforce policy development:

The Council has approved 6 HR Policies and the delegation Framework during financial year 2017/2018 for implementation in the next financial year

Chapter 4

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 113: Cost of Injuries in Duty

| Number and Cost of Injuries on Duty | | | | | |
|---------------------------------------|--------------------|------------------------------|---------------------------------------|-----------------------------------|----------------------|
| Type of injury | Injury Leave Taken | Employees using injury leave | Proportion employees using sick leave | Average Injury Leave per employee | Total Estimated Cost |
| | Days | No. | % | Days | R'000 |
| Required basic medical attention only | 0 | 0 | 0% | 0 | 0 |
| Temporary total disablement | 0 | 0 | 0% | 0 | 0 |
| Permanent disablement | 0 | 0 | 0% | 0 | 0 |
| Fatal | 0 | 0 | 0% | 0 | 0 |
| Total | 0 | 0 | 0% | 0 | 0 |

T 4.3.1

Comment on injuries, sickness and suspensions:

No lost time injuries were reported during the period under review.

Table 114: Cost Sick Leave

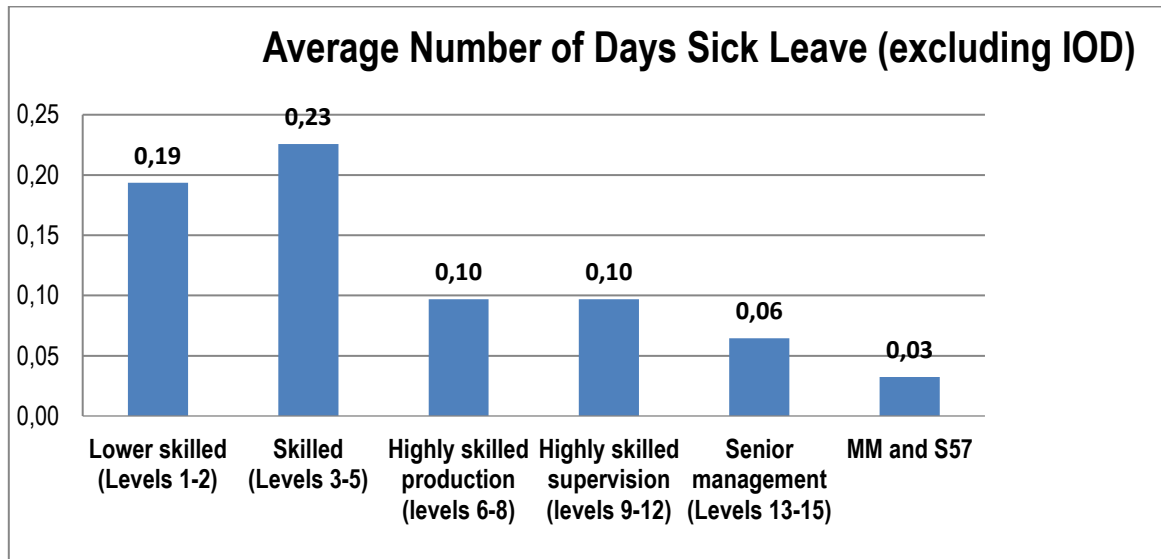
| Number of days and Cost of Sick Leave (excluding injuries on duty) | | | | | | |
|--|------------------|--|----------------------------|--------------------------|-----------------------------------|----------------|
| Salary band | Total sick leave | Proportion of sick leave without medical certification | Employees using sick leave | Total employees in post* | *Average sick leave per Employees | Estimated cost |
| | Days | % | No. | No. | Days | R' 000 |
| Lower skilled (Levels 1-2) | 25 | 0% | 100% | 30 | 6 | 10 |
| Skilled (Levels 3-5) | 30 | 0% | 100% | 22 | 6 | 10 |
| Highly skilled production (levels 6-8) | 25 | 0% | 100% | 58 | 12 | 20 |
| Highly skilled supervision (levels 9-12) | 20 | 0% | 100% | 26 | 4 | 6 |
| Senior management (Levels 13-15) | 10 | 0% | 100% | 11 | 1 | 2 |
| MM and S57 | 10 | 0% | 100% | 8 | 1 | 2 |
| Total | 120 | 0% | 100% | 155 | 30 | 50 |

* - Number of employees in post at the beginning of the year

*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

Figure 7: Average Number of Days Sick Leave



Comment on injury and sick leave:

Three injuries were reported in the financial year under review.

Table 115: Periods of Suspension

| Number and Period of Suspensions | | | | |
|----------------------------------|---|--------------------|---|----------------------------------|
| Position | Nature of Alleged Misconduct | Date of Suspension | Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised | Date Finalised |
| Traffic Officers x2 | Fraud and Corruption | April 2017 | The Disciplinary Hearing was convened and the matter was finalised. | 23 January 2018 and 26 July 2018 |
| GIS Officer | The employee used his position for personal financial benefit | May 2018 | <ul style="list-style-type: none"> The disciplinary Hearing was convened and the matter is still in process. The stand postponed for several times due to non-availability of employee Representative | |

T 4.3.5

Chapter 4

Table 116: Disciplinary Action

| Disciplinary Action Taken on Cases of Financial Misconduct | | | |
|--|---|---|----------------|
| Position | Nature of Alleged Misconduct and Rand value of any loss to the municipality | Disciplinary action taken | Date Finalised |
| Genera; Labour | The employee used her position for personal benefit | Dismissed | 27 August 2018 |
| Account Expenditure | The employee used her position for personal benefit. | Disciplinary hearing was convened and still awaiting for the Presiding Officer. | |
| Supervisor Electrical | The employee used her position for personal benefit. | Disciplinary hearing was convened and the matter is still in process | |
| T 4.3.6 | | | |

Comment on suspensions and cases of financial misconduct:

Three employees were suspended during the financial year 2017/18, one employee dismissed and two cases are not yet finalised

4.4 PERFORMANCE REWARDS

Table 117: Performance Rewards

| Performance Rewards By Gender | | | | | |
|--|---------------------|------------------------------------|-------------------------|---|---|
| Designations | Beneficiary profile | | | | |
| | Gender | Total number of employees in group | Number of beneficiaries | Expenditure on rewards Year 1 R' 000 | Proportion of beneficiaries within group % |
| Lower skilled (Levels 1-2) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Skilled (Levels 3-5) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly skilled production (levels 6-8) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly skilled supervision (levels 9-12) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Senior management (Levels 13-15) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| MM and S57 | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |

Comment on performance rewards:

No policy relating to performance rewards.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

In terms of Government Gazette No 27801 of 18 July 2005 as amended by Government Notice No. R88 published in Government Gazette No. 29584 of 2 February 2007, the Dipaleseng Local Municipality is obliged to submit a workplace skills plan and ATR to the Local Government SETA in order to access the conditional grants not later than 30 April each year. were tabled to the Training/Employment Equity Committee Meeting for consultation with organised labour and submitted to LGSETA on the 03 April 2018.

That the Workplace Skills Plan **for 2017/2018** and Annual Training Report for 2017/2018 financial year was submitted to LGSETA on the 04 May 2018. All consultative processes have been undertaken with the relevant stakeholders and the Workplace Skills Plan for 2017/2018 and Annual Training Report are in compliance with the Skills Development Act 97 of 1998.

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Table 118: Skills Matrix

| Skills Matrix | | | | | | |
|--|--------|-----------------------------------|---|--|--------------------------------|---------|
| Management Level | Gender | Employees in post as 30 June 2017 | Number of Skills Required and actual as at 30 June 2017 | | | |
| | | | Learnership | Skills Programme & other short courses | Other form of Training/Bursary | Total |
| | | No. | 2017/18 | 2017/18 | 2017/18 | 2017/18 |
| MM and S56 | Female | 1 | 0 | 0 | 1 | 1 |
| | Male | 5 | 2 | 2 | 2 | 6 |
| Managers | Female | 3 | 0 | 0 | 2 | 2 |
| | Male | 6 | 2 | 1 | 3 | 6 |
| Councillors | Female | 3 | 1 | 0 | 0 | 1 |
| | Male | 9 | 0 | 4 | 0 | 1 |
| Professionals | Female | 5 | 0 | 2 | 1 | 1 |
| | Male | 3 | 0 | 2 | 0 | 1 |
| Technicians and associate professionals | Female | 1 | 0 | 0 | 0 | 0 |
| | Male | 3 | 0 | 2 | 1 | 1 |
| Cleric and Administrative Workers | Female | 19 | 0 | 2 | 1 | 2 |
| | Male | 8 | 0 | 0 | 1 | 1 |
| Sales and Service Workers | Female | 11 | 2 | 0 | 0 | 1 |
| | Male | 14 | 0 | 0 | 1 | 1 |
| Supervisors, Machine operators and Drivers | Female | 3 | 0 | 0 | 0 | 0 |
| | Male | 34 | 0 | 0 | 1 | 2 |
| General Workers | Female | 12 | 0 | 0 | 0 | 0 |
| | Male | 56 | 0 | 1 | 0 | 1 |
| Intern | Female | 4 | 4 | 0 | 4 | 8 |
| | Male | 2 | 2 | 0 | 1 | 3 |
| Sub-Total | Female | 47 | 5 | 0 | 11 | 16 |
| | Male | 134 | 7 | 6 | 10 | 23 |
| Total | | 181 | 12 | 6 | 21 | 39 |

Chapter 4

Comment on Skills Development:

The budget allocation for training still remains a challenge for the SDF. Sufficient funds have not been budgeted for this function and this creates challenges in terms of implementing the departmental training and requirements.

Table 119: Financial Competencies Development

| Financial Competency Development: Progress Report* | | | | | | |
|--|--|---|--------------------------------------|---|--|--|
| Description | A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)) | Consolidated: Total of A and B | Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d)) | Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
| Financial Officials | | | | | | |
| <i>Accounting officer</i> | 1 | 0 | 1 | 1 | 1 | 1 |
| <i>Chief financial officer</i> | 1 | 0 | 1 | 1 | 1 | 1 |
| <i>Senior managers</i> | 4 | 0 | 4 | 4 | 4 | 4 |
| <i>Any other financial officials</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| Supply Chain Management Officials | | | | | | |
| <i>Heads of supply chain management units</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Supply chain management senior managers</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 6 | 0 | 6 | 6 | 6 | 6 |

Chapter 4

Table 120: Skills Development Expenditure

| Skills Development Expenditure | | | | | | | | | | |
|--|--------|---|---|---------|---|---------|---------------------------------|---------|--------|-----------------|
| | | | | | | | | | | R'000 |
| Management level | Gender | Employees as at the beginning of the financial year | Original Budget and Actual Expenditure on skills development Year 1 | | | | | | | |
| | | | Learnerships | | Skills programmes & other short courses | | Other forms of training/Bursary | | Total | |
| | | | No. | planned | Actual | Planned | Actual | Planned | Actual | Original Budget |
| MM and S57 | Female | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 45 000.00 |
| | Male | 5 | 5 | 2 | 2 | 2 | 0 | 2 | 0 | 0 |
| Legislators, senior officials and managers | Female | 9 | 9 | 1 | 0 | 0 | 1 | 0 | 0 | 46 000.00 |
| | Male | 15 | 6 | 1 | 0 | 0 | 0 | 0 | 0 | 91 000.00 |
| Professionals | Female | 5 | 1 | | 0 | 0 | 2 | 1 | 0 | 60 000.00 |
| | Male | 3 | 1 | 1 | 0 | 0 | 2 | 0 | 0 | 30 000.00 |
| Technicians and associate professionals | Female | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 3 | 1 | 0 | 0 | 0 | 1 | 1 | 0 | 4 000.00 |
| Clerks | Female | 19 | 4 | 0 | 0 | 0 | 1 | 1 | 0 | 225 000.00 |
| | Male | 8 | 2 | 0 | 0 | 0 | 1 | 1 | 0 | 0 |
| Service and sales workers | Female | 11 | 8 | 2 | 0 | 0 | 0 | 0 | 0 | 80 000.00 |
| | Male | 14 | 5 | 0 | 0 | 0 | 1 | 1 | 0 | 40 000.00 |
| Plant and machine operators and assemblers | Female | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 34 | 5 | 0 | 1 | 1 | 3 | 1 | 0 | 0 |
| Elementary occupations | Female | 12 | 8 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| | Male | 56 | 30 | 7 | 0 | 0 | 0 | 0 | 0 | 28 000.00 |
| Sub total | Female | 47 | 26 | 1 | 1 | 0 | 7 | 3 | 0 | 0 |
| | Male | 134 | 33 | 4 | 4 | 4 | 8 | 6 | 0 | 0 |
| Total | | 181 | 59 | 5 | 5 | 4 | 15 | 9 | 0 | 679 000.00 |

Comments

Most of the courses are paid for by the different stakeholders' i.e. Salga, Cogta and Lgseta. Municipal is responsible for accommodation and traveling cost of the employees.

4.6 EMPLOYEE EXPENDITURE

Table 121: Increases Salaries

| Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded | | | | |
|---|---------------------|----------------------|--------------------|----------------------|
| Beneficiaries | | Gender | Total | |
| Lower skilled (Levels 1-2) | | Female | n/a | |
| | | Male | n/a | |
| Skilled (Levels 3-5) | | Female | n/a | |
| | | Male | n/a | |
| Highly skilled production (Levels 6-8) | | Female | n/a | |
| | | Male | n/a | |
| Highly skilled supervision (Levels9-12) | | Female | n/a | |
| | | Male | n/a | |
| Senior management (Levels13-16) | | Female | n/a | |
| | | Male | n/a | |
| MM and S 57 | | Female | n/a | |
| | | Male | n/a | |
| Total | | | | |
| Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation | | | | |
| Occupation | Number of employees | Job evaluation level | Remuneration level | Reason for deviation |
| None | | | | |

Table 122: Post Appointed not Approved

| Employees appointed to posts not approved | | | | |
|---|-------|---------------------|---------------|---|
| Department | Level | Date of appointment | No. appointed | Reason for appointment when no established post exist |
| None | n/a | n/a | n/a | n/a |
| | | | | |
| | | | | |
| | | | | |
| | | | | T 4.6.4 |

Comment on upgraded posts and those that are at variance with normal practice:

The municipality advertises every new position and interested employees may apply as per policy.

DISCLOSURES OF FINANCIAL INTERESTS

The Municipal Systems Act 32, of 2000, as amended regulates that municipal staff and elected councillors in South Africa, should disclose their Financial Interest to manage and detect conflicts of interests in public life. The purpose of this legislation is to support the effective implementation of financial disclosure regulations by reflecting on institutional good practice. Dipaleseng Local Municipality, fully complies with this regulation.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

Note: Statements of revenue collection performance by vote and by source are included at Appendix K.

Statement of Financial Performance for the year ended 30 June 2018

Figures in Rand

| | Note(s) | 2018 | 2017 Restated* |
|---|---------|-------------------------|-------------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service charges | 16 | 94 618 171 | 85 115 254 |
| Rental of facilities and equipment | | 219 184 | 213 377 |
| Licences and permits | | 1 963 791 | 1 634 693 |
| Other income | 17 | 3 085 268 | 632 932 |
| Interest revenue | 18 | 20 934 372 | 19 106 101 |
| Total revenue from exchange transactions | | 120 820 786 | 106 702 357 |
| Revenue from non-exchange transactions | | | |
| Taxation revenue | | | |
| Property rates | 19 | 16 112 386 | 13 724 228 |
| Transfer revenue | | | |
| Government grants & subsidies | 20 | 102 063 338 | 95 522 131 |
| Public contributions and donations | 22 | 95 559 259 | - |
| Fines | | 947 650 | 228 000 |
| Total revenue from non-exchange transactions | | 214 682 633 | 109 474 359 |
| Total revenue | 21 | 335 503 419 | 216 176 716 |
| Expenditure | | | |
| Employee related costs | 24 | (56 146 835) | (49 801 686) |
| Remuneration of councillors | 25 | (4 935 893) | (5 103 822) |
| Depreciation and amortisation | 26 | (17 992 022) | (19 558 704) |
| Impairment loss | 33 | (1 106 716) | (116 074) |
| Finance costs | 27 | (5 564 097) | (1 910 179) |
| Lease rentals on operating lease | | (601 081) | (572 340) |
| Debt Impairment | 28 | (32 170 451) | (36 089 338) |
| Repairs and maintenance | | (1 704 575) | (6 740 459) |
| Bulk purchases | 29 | (56 551 683) | (52 279 712) |
| Transfers and Subsidies paid | 30 | (3 663 227) | (3 384 303) |
| Loss on disposal of assets and liabilities | | (13 347 887) | (2 110 329) |

Chapter 5

| | | | |
|-----------------------------|----|----------------------|----------------------|
| Fair value adjustments | 32 | (435 529) | (935 679) |
| General Expenses | 31 | (39 161 383) | (36 272 077) |
| Total expenditure | | (233 381 379) | (214 874 702) |
| Surplus for the year | | 102 122 040 | 1 302 014 |

1. STATEMENTS OF FINANCIAL PERFORMANCE

Statement of Financial Position as at 30 June 2018

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 2 | 3 108 152 | 145 446 |
| Receivables from non-exchange transactions | 3 | 3 132 286 | 1 861 713 |
| Receivables from exchange transactions | 4 | 34 196 659 | 9 370 822 |
| Inventories | 5 | 84 079 | 29 812 |
| | | 40 521 176 | 11 407 793 |
| Non-Current Assets | | | |
| Investment property | 8 | 38 785 823 | 52 493 011 |
| Property, plant and equipment | 9 | 529 070 906 | 411 850 519 |
| Intangible assets | 6 | 380 372 | 405 017 |
| Other financial asset | 7 | 216 815 | 216 815 |
| | | 568 453 916 | 464 965 362 |
| Total Assets | | 608 975 092 | 476 373 155 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | 99 732 047 | 81 926 923 |
| Vat Payable | 11 | 20 933 326 | 17 602 819 |
| Consumer deposits | 12 | 1 424 463 | 1 457 055 |
| Unspent conditional grants and receipts | 13 | 6 467 533 | 460 871 |
| Provisions | 14 | 19 812 806 | 19 935 130 |
| Employee benefit obligation | 15 | 314 991 | 295 293 |
| | | 148 685 166 | 121 678 091 |
| Non-Current Liabilities | | | |
| Employee benefit obligation | 15 | 12 344 734 | 11 218 706 |
| Provisions | 14 | 33 863 423 | 31 516 628 |
| | | 46 208 157 | 42 735 334 |
| Total Liabilities | | 194 893 323 | 164 413 425 |

Chapter 5

Net Assets

414 081 769 311 959 730

Accumulated surplus

414 081 769 311 959 730

| Reconciliation of Table A1 Budget Summary | | | | | | | | | | | | | | |
|--|-----------------|---|--------------------------|--|---|-----------------|-----------------|--------------------------|-----------------|-------------------------------------|--|-----------------------------------|---|--------------------------|
| Description | Year 2017/18 | | | | | | | | | | Year -1 | | | |
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Restated Audited Outcome |
| R thousands | | | | | | | | | | | | | | |
| Financial Performance | | | | | | | | | | | | | | |
| Property rates | 15 834 | | 15 834 | | | 15 834 | 16 112 | | 278 | 102% | 102% | | | |
| Service charges | 89 796 | | 89 796 | | | 89 796 | 94 618 | | 4 822 | 105% | 105% | | | |
| Investment revenue | 23 381 | | 23 381 | | | 23 381 | 20 934 | | (2 447) | 90% | 90% | | | |
| Transfers recognised - operational | 64 313 | | 64 313 | | | 64 313 | 56 678 | | (7 635) | 88% | 88% | | | |
| Other own revenue | 6 602 | | 6 602 | | | 6 602 | 6 216 | | (386) | 94% | 94% | | | |
| Total Revenue (excluding capital transfers and | 199 926 | | 199 926 | | | 199 926 | 194 559 | | 5 367 | 97% | 97% | | | |
| Employee costs | 52 745 | | 52 745 | | | 52 745 | 56 147 | | 3 402 | 106% | 106% | | | |
| Remuneration of councillors | 5 207 | | 5 207 | | | 5 207 | 4 936 | | (271) | 95% | 95% | | | |
| Debt impairment | 39 253 | 14 000 | 53 253 | | | 53 253 | 32 170 | | (21 082) | 60% | 82% | | | |
| Depreciation & asset impairment | 18 000 | | 18 000 | | | 18 000 | 18 289 | | 289 | 102% | 102% | | | |
| Finance charges | 174 | | 174 | | | 174 | 5 564 | | 5 390 | 3204% | 3204% | | | |
| Materials and bulk purchases | 75 669 | | 75 669 | | | 75 669 | 56 552 | | (19 117) | 75% | 75% | | | |
| Transfers and grants | 3 163 | | 3 163 | | | 3 163 | 3 663 | | 500 | 116% | 116% | | | |
| Other expenditure | 19 145 | | 19 145 | | | 19 145 | 47 828 | | 28 683 | 250% | 250% | | | |
| Total Expenditure | 213 355 | | 227 355 | | | 227 355 | 225 149 | | (2 206) | 99% | 99% | | | |
| Surplus/(Deficit) | (13 429) | 14 000 | (27 429) | | | (27 429) | (30 590) | | (3 161) | 112% | 228% | | | |
| Transfers recognised - capital | - | | - | | | - | 40 069 | | 40 069 | 0% | 0% | | | |
| Contributions recognised - capital & contributed assets | - | | - | | | - | 95 559 | | 95 559 | 0% | 0% | | | |
| Surplus/(Deficit) after capital transfers & contributions | (13 429) | 14 000 | (27 429) | | | (27 429) | 105 038 | | 132 467 | 37% | 54% | | | |
| Share of surplus/ (deficit) of associate | - | | - | | | - | - | | - | - | - | | | |
| Surplus/(Deficit) for the year | (13 429) | 14 000 | (27 429) | | | (27 429) | 105 038 | | 132 467 | 37% | 54% | | | |
| Capital expenditure & funds sources | | | | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | | | | |
| Transfers recognised - capital | 40 122 | - | 40 122 | | | 40 122 | 25 347 | | (14 775) | 63% | 63% | | | |
| Public contributions & donations | - | - | - | | | - | - | | - | - | - | | | |
| Borrowing | - | - | - | | | - | - | | - | - | - | | | |
| Internally generated funds | - | - | - | | | - | - | | - | - | - | | | |
| Total sources of capital funds | 40 122 | - | 40 122 | | | 40 122 | 25 347 | | (14 775) | 63% | 63% | | | |
| Cash flows | | | | | | | | | | | | | | |
| Net cash from (used) operating | 59 536 | 19 328 | 40 208 | | | 40 208 | 43 032 | | 2 824 | 107% | 72% | | | |
| Net cash from (used) investing | (40 122) | - | (40 122) | | | (40 122) | (40 069) | | 53 | 100% | 100% | | | |
| Net cash from (used) financing | - | - | - | | | - | - | | - | - | - | | | |
| Cash/cash equivalents at the year end | 19 414 | 19 328 | 86 | | | 86 | 3 108 | | 3 022 | 3604% | 16% | | | |

T 5.1.1

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| R '000 | | | | | | |
|---|----------------|-----------------|--------------------|----------------|-----------------|--------------------|
| Description | Year 2016/17 | Year 2017/18 | | | Year 0 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Operating Cost | | | | | | |
| Water | 6 366 | 10 027 | | 10 455 | 4.09% | 100.00% |
| Waste Water (Sanitation) | 6 282 | 4 218 | | 5 024 | 16.05% | 100.00% |
| Electricity | 57 841 | 73 882 | | 62 733 | -17.77% | 100.00% |
| Waste Management | 4 405 | 6 566 | | 7 722 | 14.97% | 100.00% |
| Housing | – | | | | 0.00% | 0.00% |
| Component A: sub-total | 74 895 | 94 692 | – | 85 933 | -10.19% | 100.00% |
| Waste Water (Stormwater Drainage) | | | | | 0.00% | 0.00% |
| Roads | 3 406 | 4 359 | | 4 080 | -6.84% | 100.00% |
| Transport | – | – | – | – | 0.00% | 0.00% |
| Component B: sub-total | 3 406 | 4 359 | – | 4 080 | -6.84% | 100.00% |
| Planning | – | – | – | – | #DIV/0! | #DIV/0! |
| Local Economic Development | – | 3 333 | – | 3 434 | 0.00% | 0.00% |
| Component B: sub-total | – | 3 333 | – | 3 434 | 2.93% | 100.00% |
| Planning (Strategic & Regulatory) | 2 552 | | | | 0.00% | 0.00% |
| Local Economic Development | – | – | – | – | 0.00% | 0.00% |
| Component C: sub-total | 2 552 | – | – | – | 0.00% | 0.00% |
| Community & Social Services | 11 678 | 14 559 | | 19 166 | 24.04% | 100.00% |
| Environmental Protection | – | | | | 0.00% | 0.00% |
| Health | – | | | | 0.00% | 0.00% |
| Security and Safety | – | – | | – | 0.00% | 0.00% |
| Sport and Recreation | 144 | | | | #DIV/0! | #DIV/0! |
| Corporate Policy Offices and Other | 117 149 | 76 592 | | 104 620 | 26.79% | 100.00% |
| Component D: sub-total | 128 971 | 91 151 | – | 123 786 | 26.36% | 100.00% |
| Total Expenditure | 209 823 | 193 536 | – | 217 233 | 10.91% | 100.00% |
| In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. | | | | | | T 5.1.2 |

Comment:

During the 2017/18 the municipality had a surplus of R 102 122 040, this was as a results of the Donation received from Department of Corporate Governance and Traditional Affairs as well Bulk grants implemented through Gert Sibande District Municipality. The performance can be categorised as follows

- Operating revenue for the year is R335,5 million (2017: 216,2 million) which reflects an increase of 55%.
- The operating expenditure for the year is R 233,9 million (2017: R214, 9 million) which reflects an increase of 9%.
- The total capital expenditure capitalized for the year in respect of property, plant and equipment mounted to R 40,1 million.
- Cash and short term investments increased to R 3,12 million (2017: R145 thousand)

5.2 GRANTS

Table 123: Grant Performance

| Grant Performance | | | | |
|--|---------------|---------------|-----------------------|---------------|
| R' 000 | | | | |
| Description | Year 2015/16 | Year 2016/17 | | |
| | Actual | Budget | Adjustments Budget | Actual |
| <u>Operating Transfers and Grants</u> | | | | |
| National Government: | 57 675 | 63 359 | – | 59 311 |
| Equitable share | 54 340 | 58 388 | – | 54 340 |
| Municipal Systems Improvement | – | – | – | – |
| Department of Water Affairs | – | – | – | – |
| Levy replacement | – | – | – | – |
| Other transfers/grants | 3 335 | 4 971 | – | 4 971 |
| Provincial Government: | – | – | – | – |
| Health subsidy | – | – | – | – |
| Housing | – | – | – | – |
| Ambulance subsidy | – | – | – | – |
| Sports and Recreation | – | – | – | – |
| Other transfers/grants | – | – | – | – |
| District Municipality: | – | – | – | – |
| | – | – | – | – |
| | – | – | – | – |
| Other grant providers: | – | – | – | – |
| | – | – | – | – |
| | | | | |
| Total Operating Transfers and Grants | 57 675 | 63 359 | – | 59 311 |

Comment on operating transfers and grants:

All the grants allocated to the Municipality have been received and spent 80% on the planned projects.

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Table 124: Grants from Other Sources

| Grants Received From Sources Other Than Division of Revenue Act (DoRA) | | | | | | |
|--|----------------------|---------------------|-------------------------------|-----------------------|--|--|
| Details of Donor | Actual Grant Year -1 | Actual Grant Year 0 | Year 0 Municipal Contribution | Date Grant terminates | Date Municipal contribution terminates | Nature and benefit from the grant received, include description of any contributions in kind |
| Parastatals | | | | | | |
| A - "Project 1" | | | | | | |
| A - "Project 2" | | | | | | |
| B - "Project 1" | | | | | | |
| B - "Project 2" | | | | | | |
| | | | | | | |
| Foreign Governments/Development Aid Agencies | | | | | | |
| A - "Project 1" | | | | | | |
| A - "Project 2" | | | | | | |
| B - "Project 1" | | | | | | |
| B - "Project 2" | | | | | | |
| | | | | | | |
| Private Sector / Organisations | | | | | | |
| A - "Project 1" | | | | | | |
| A - "Project 2" | | | | | | |
| B - "Project 1" | | | | | | |
| B - "Project 2" | | | | | | |
| | | | | | | |
| Provide a comprehensive response to this schedule | | | | | | T 5.2.3 |

Comment on conditional grants and grant received from other sources:

No other grant funds sourced.

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5.3. ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The Asset Management policy is developed to comply with all relevant legislative requirements and complies with the standards specified by the Accounting Standards Board. Asset management within the municipality is overseen by the Executive Director Financial Services.

Table 125: Treatment of three largest Assets

| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2017/18 | | | | |
|---|---|--------------|--------------|--------------|
| Asset 1 | | | | |
| Name | Design and Construction Supervision for the Rehabilitation of Minaar Street in Balfour. | | | |
| Description | Design and Construction Supervision for the Rehabilitation of Minaar Street in Balfour. | | | |
| Asset Type | ROADS | | | |
| Key Staff Involved | YES | | | |
| Staff Responsibilities | PROJECT MANAGEMENT UNIT RESPONSIBILITIES | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Asset Value | 6 439 964.86 | 7 155 516.51 | 7 950 573.90 | 8 833 971.00 |
| Capital Implications | CONDITIONAL CAPITAL FUNDING | | | |
| Future Purpose of Asset | ACCESS ROADS IN BALFOUR | | | |
| Describe Key Issues | ACCESS ROADS IN BALFOUR | | | |
| Policies in Place to Manage Asset | ASSET MANAGEMENT POLICY | | | |
| Asset 2 | | | | |
| Name | Design and Construction Supervision for Provision of Sewer Reticulation and Toilet Top Stru | | | |
| Description | Design and Construction Supervision for Provision of Sewer Reticulation and Toilet Top Stru | | | |
| Asset Type | SEWER RETICULATION | | | |
| Key Staff Involved | YES | | | |
| Staff Responsibilities | PROJECT MANAGEMENT UNIT RESPONSIBILITIES | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Asset Value | 3 557 775.70 | 3 953 084.11 | 4 392 315.68 | 4 880 350.75 |
| Capital Implications | CONDITIONAL CAPITAL FUNDING | | | |
| Future Purpose of Asset | SEWER RETICULATION NETWORK | | | |
| Describe Key Issues | SEWER RETICULATION | | | |
| Policies in Place to Manage Asset | ASSET MANAGEMENT POLICY | | | |
| Asset 3 | | | | |
| Name | Design and Construction Supervision for Provision of Sewer Reticulation in Balfour North. | | | |
| Description | Design and Construction Supervision for Provision of Sewer Reticulation in Balfour North. | | | |
| Asset Type | SEWER RETICULATION NETWORK | | | |
| Key Staff Involved | YES | | | |
| Staff Responsibilities | PROJECT MANAGEMENT UNIT RESPONSIBILITIES | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Asset Value | 6 163 102.69 | 6 847 891.88 | 7 608 768.75 | 8 454 187.50 |
| Capital Implications | CONDITIONAL CAPITAL FUNDING | | | |
| Future Purpose of Asset | SEWER RETICULATION | | | |
| Describe Key Issues | SEWER RETICULATION | | | |
| Policies in Place to Manage Asset | ASSET MANAGEMENT POLICY | | | |
| | | | | T 5.3.2 |

Chapter 5

Comment on asset management:

The needs arised through assessment and backlog in access roads and sewer reticulations

Table 126: Repair and Maintenance Expenditure

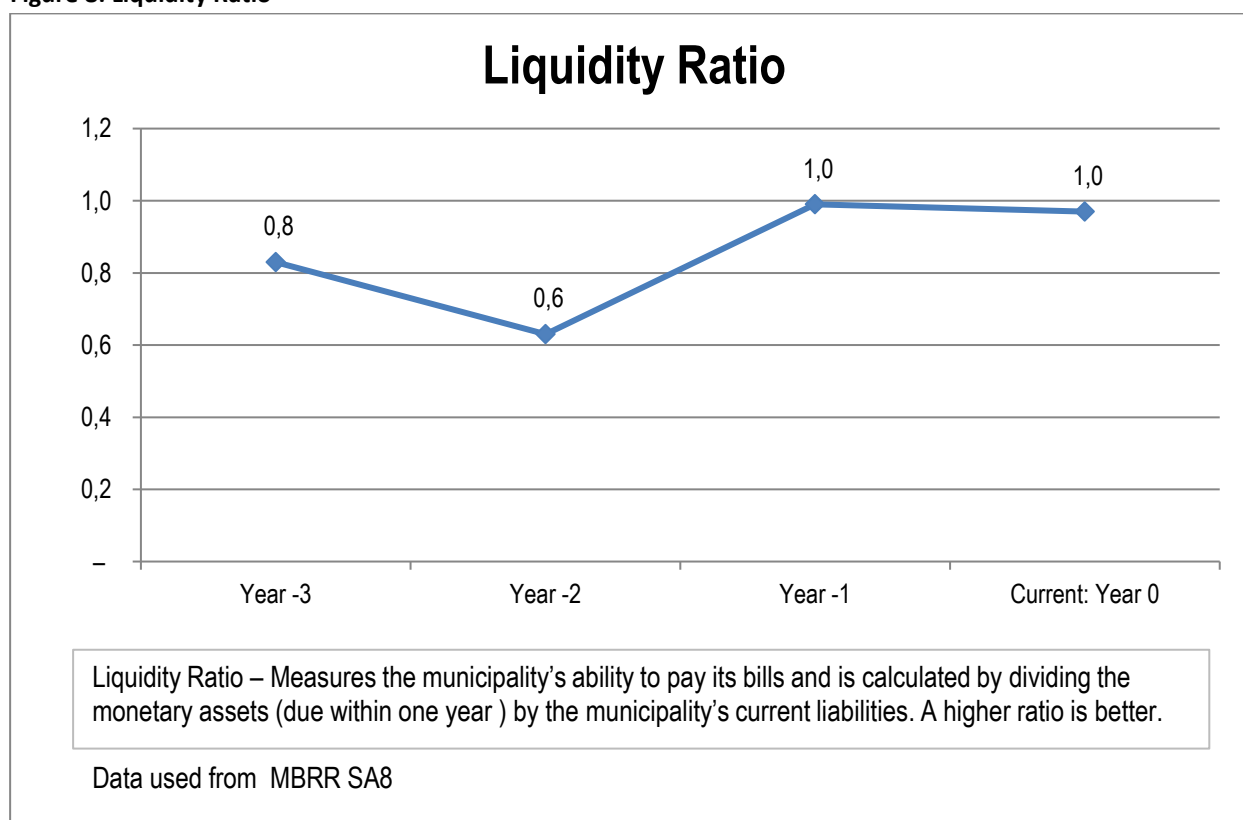
| Repair and Maintenance Expenditure: 2016/17 | | | | |
|---|-----------------|-------------------|-----------|-----------------|
| R' 000 | | | | |
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 3 000 000 | - | 1 704 575 | 43% |
| | | | | T 5.3.4 |

Comment on repair and maintenance expenditure:

Average onthe repairs and maintenance was due to cash flow challenges that the Municipality experienced in the 2017/18 financial year

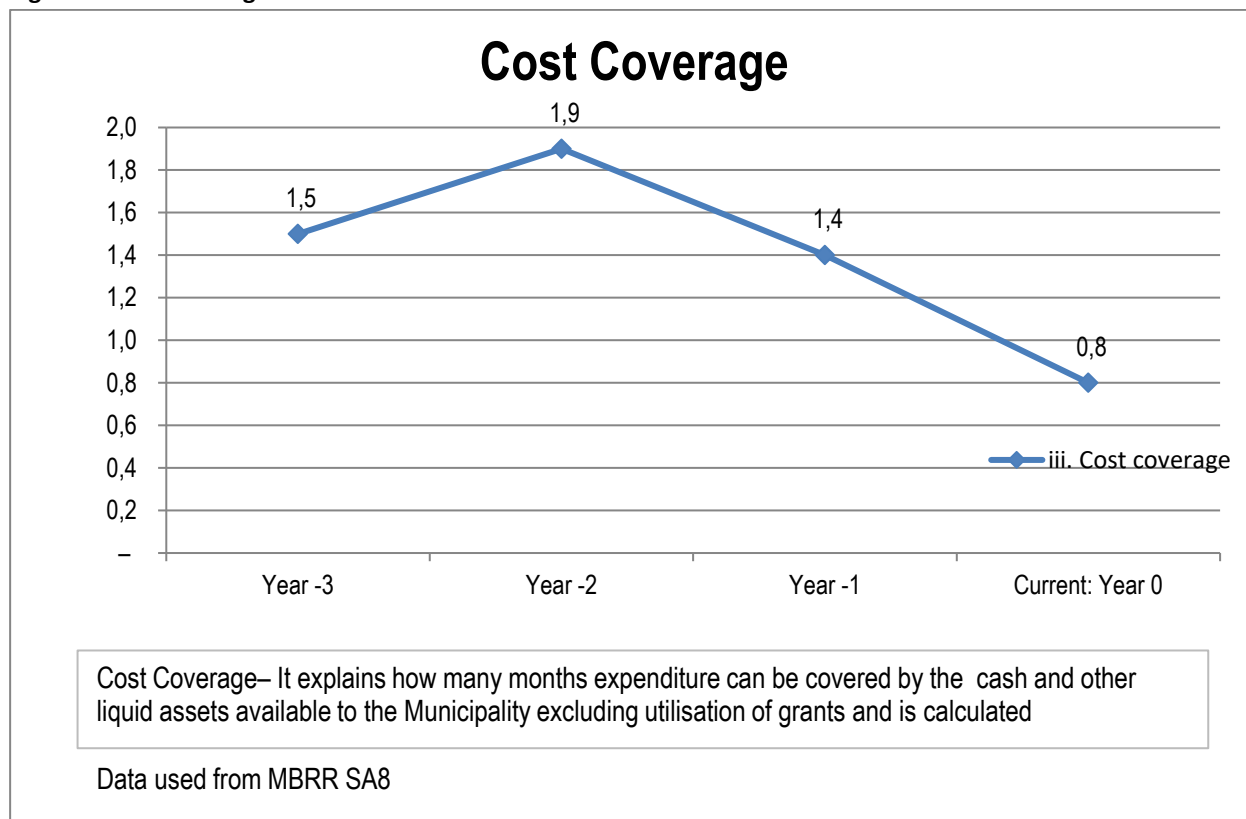
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Figure 8: Liquidity Ratio



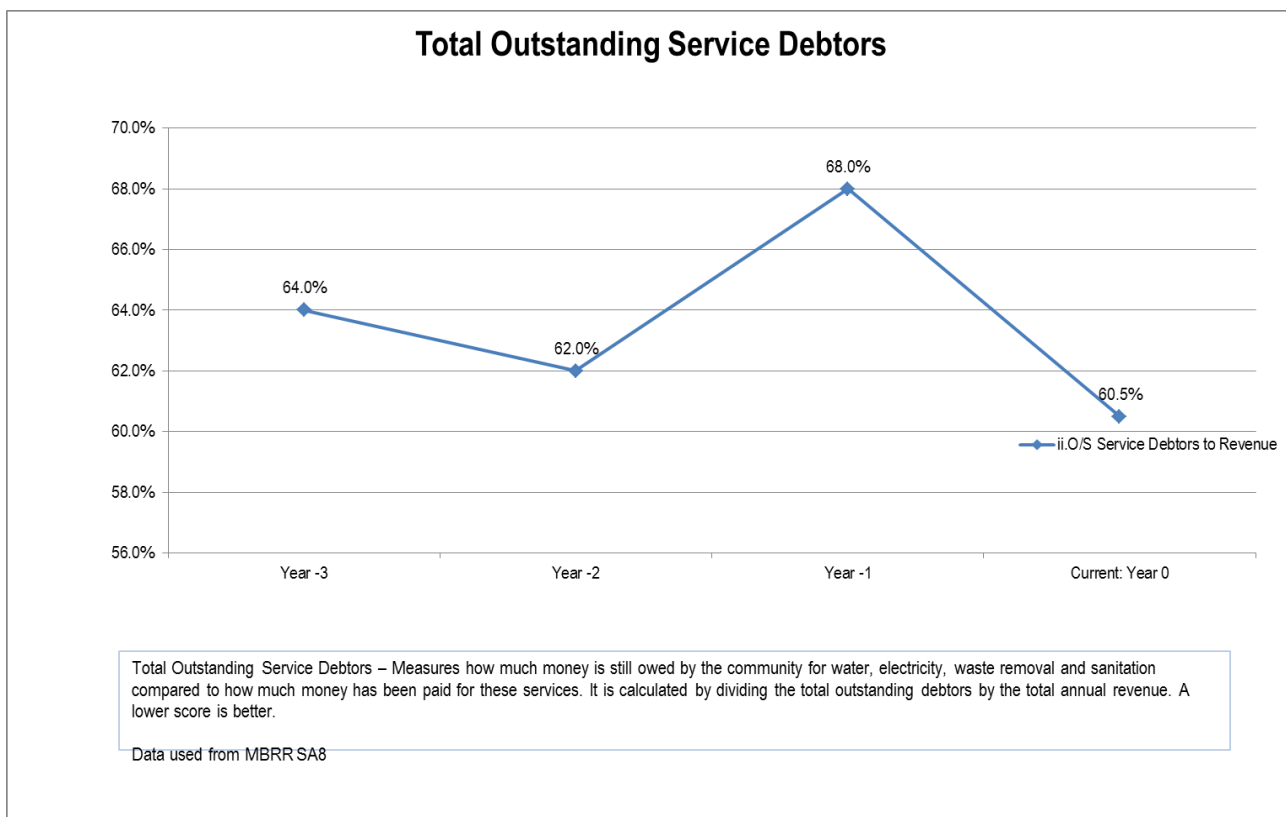
Liquidity Ratio – This Ratio measures the extent to which the Municipality has Cash and Short Term Investments available to settle Short-term Liabilities. If the Cash and Short Term Investments do not exceed Current Liabilities it means liquidity problems *i.e.* insufficient cash to meet financial obligations. The higher the ratio the better which is not the case with Municipality ratio is 0.1:1

Figure 9: Cost Coverage Ratio



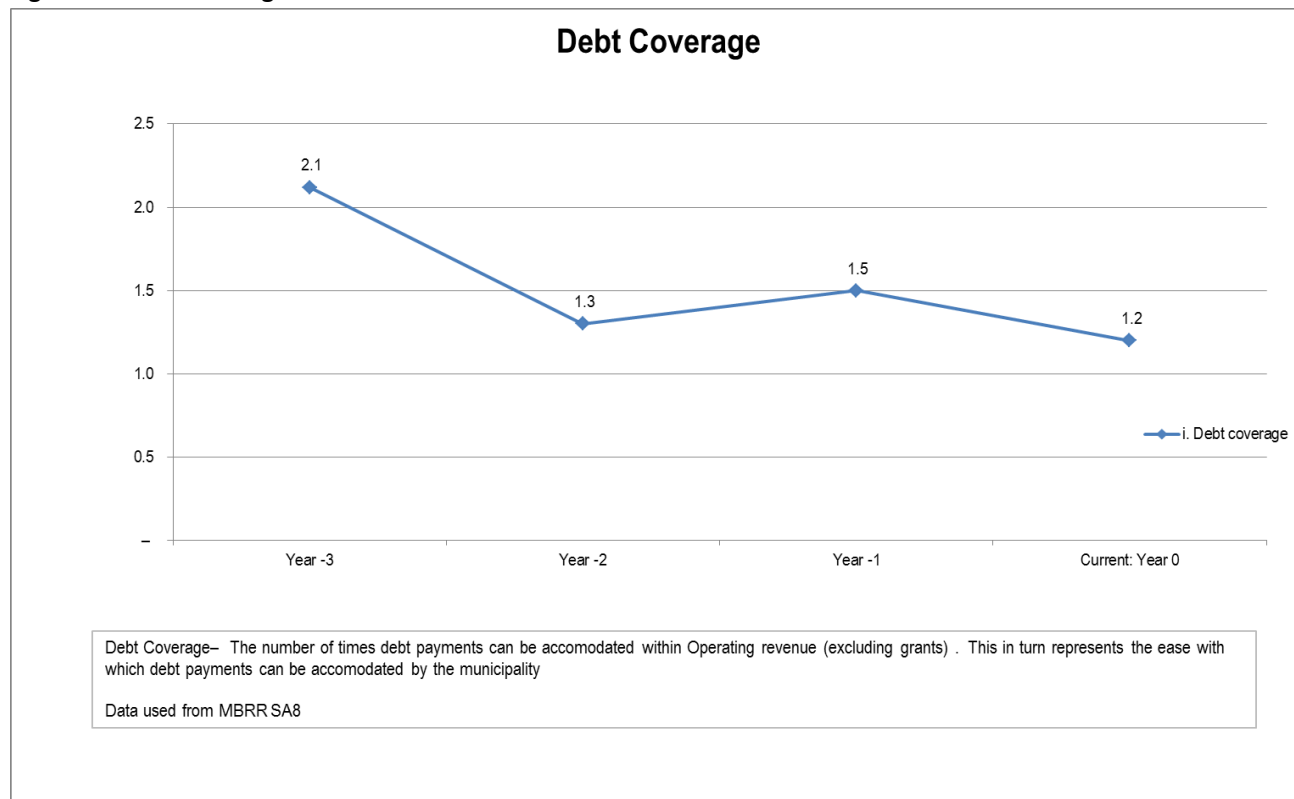
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilization of grants. The norm is between 1 to 3 months, which is not the case with the Municipality.

Figure 10: Outstanding Service Debtor to Revenue Ratio



Total Outstanding Service Debtors To Revenue – It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better. The ratio focuses on the proportion of amounts that are deemed to be recoverable as a percentage of Annual Billed Revenue. It therefore only takes into account the major revenue sources that give rise to Consumer Debtors, excluding Bad Debts Provisions and also indicates the effectiveness of Credit Control procedures and enables assessment of the sufficiency of the Provision for Bad Debts. The norm is 8,3% which is equates to the same as 30 days' worth of Outstanding Debtors.

Figure 11: Debt Coverage Ratio



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the municipality Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

The Ratio indicates the cost required to service external Interest on borrowings and Redemption. It assesses the affordability of Debt expressed as a percentage of Operating Expenditure. The lower the Ratio the more the capacity of the Municipality to take up additional funding to Invest in Infrastructure Projects. The norm is 6% Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Figure 12: Creditors System Efficiency

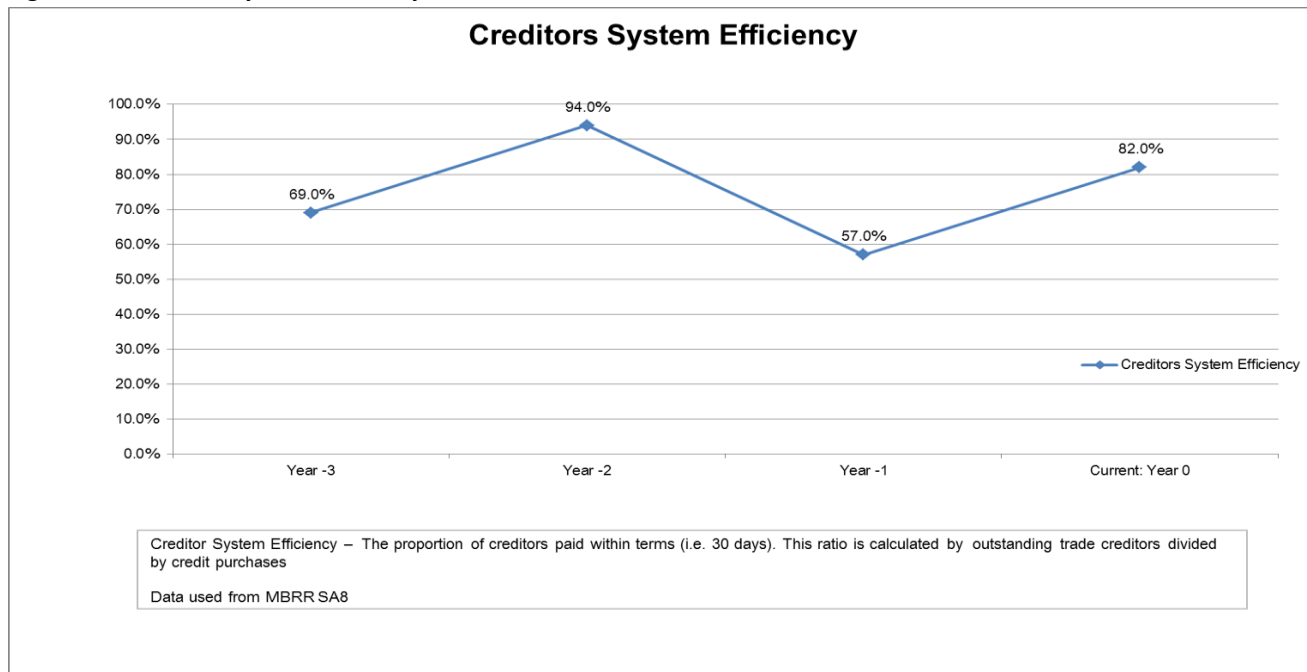


Figure 13: Capital Charges to Operating Expenditure

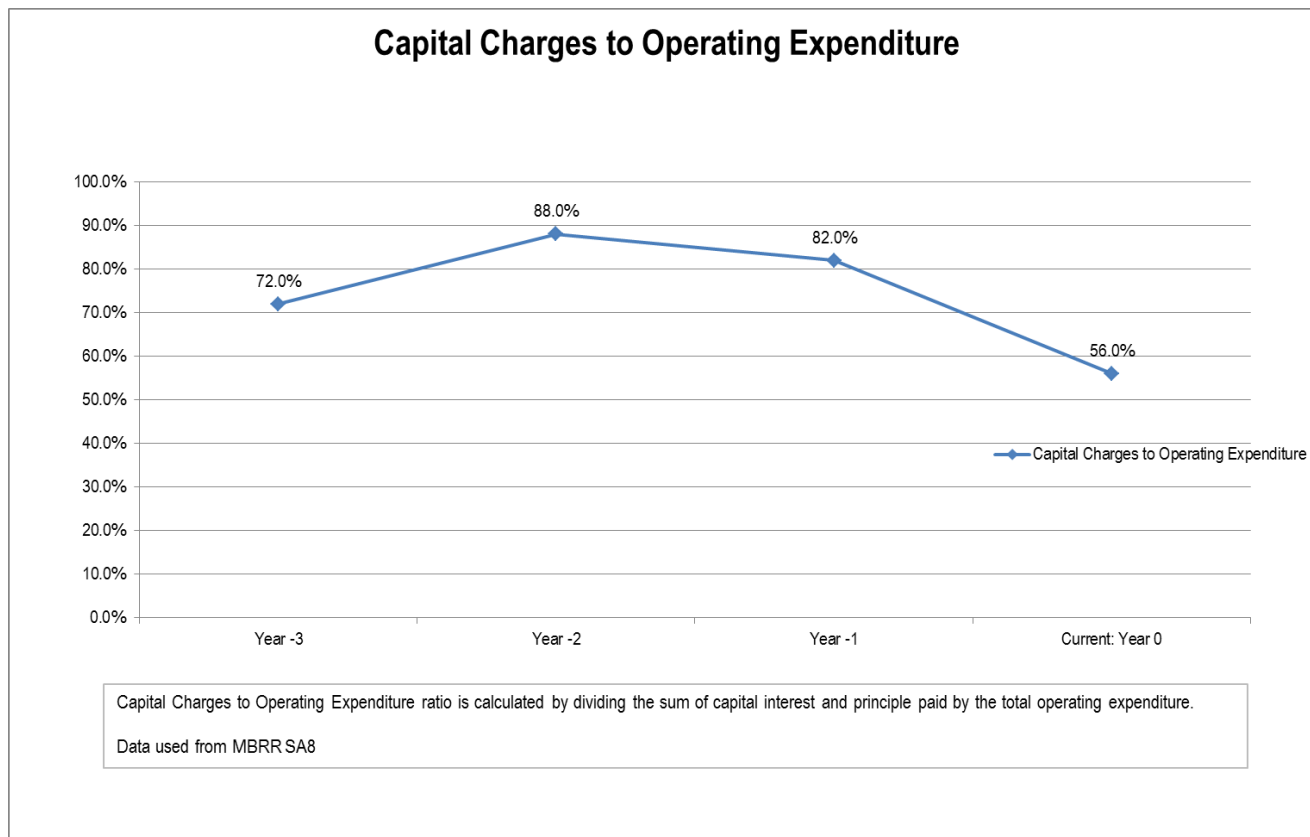


Figure 14: Employee Costs

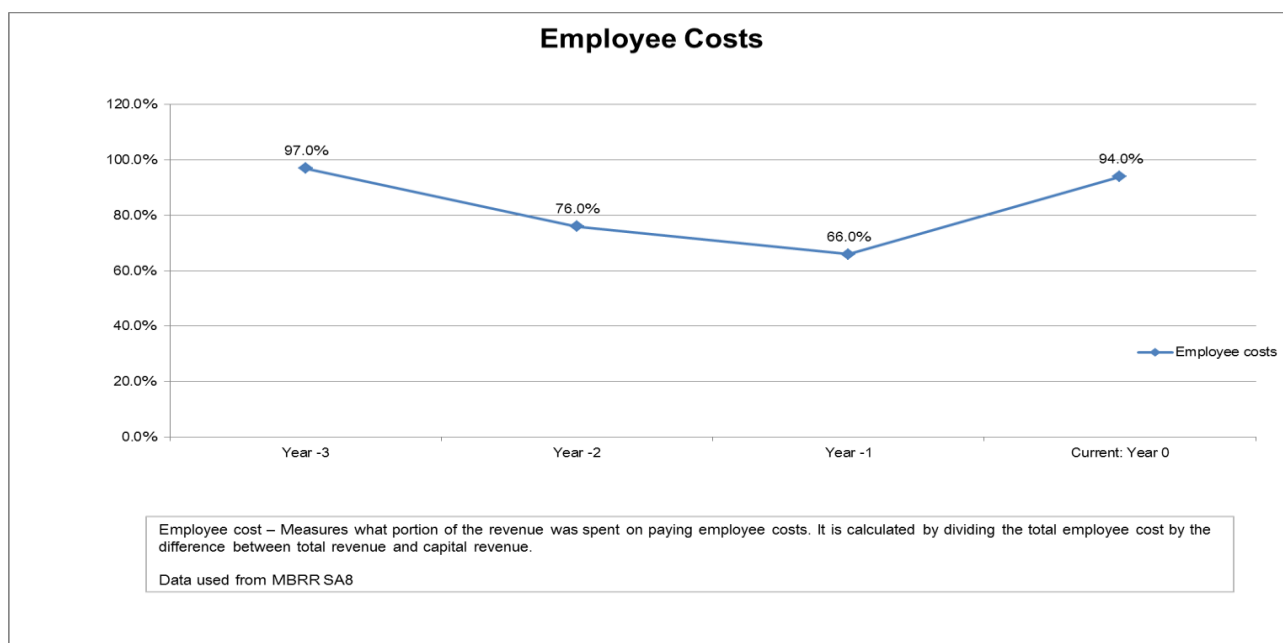
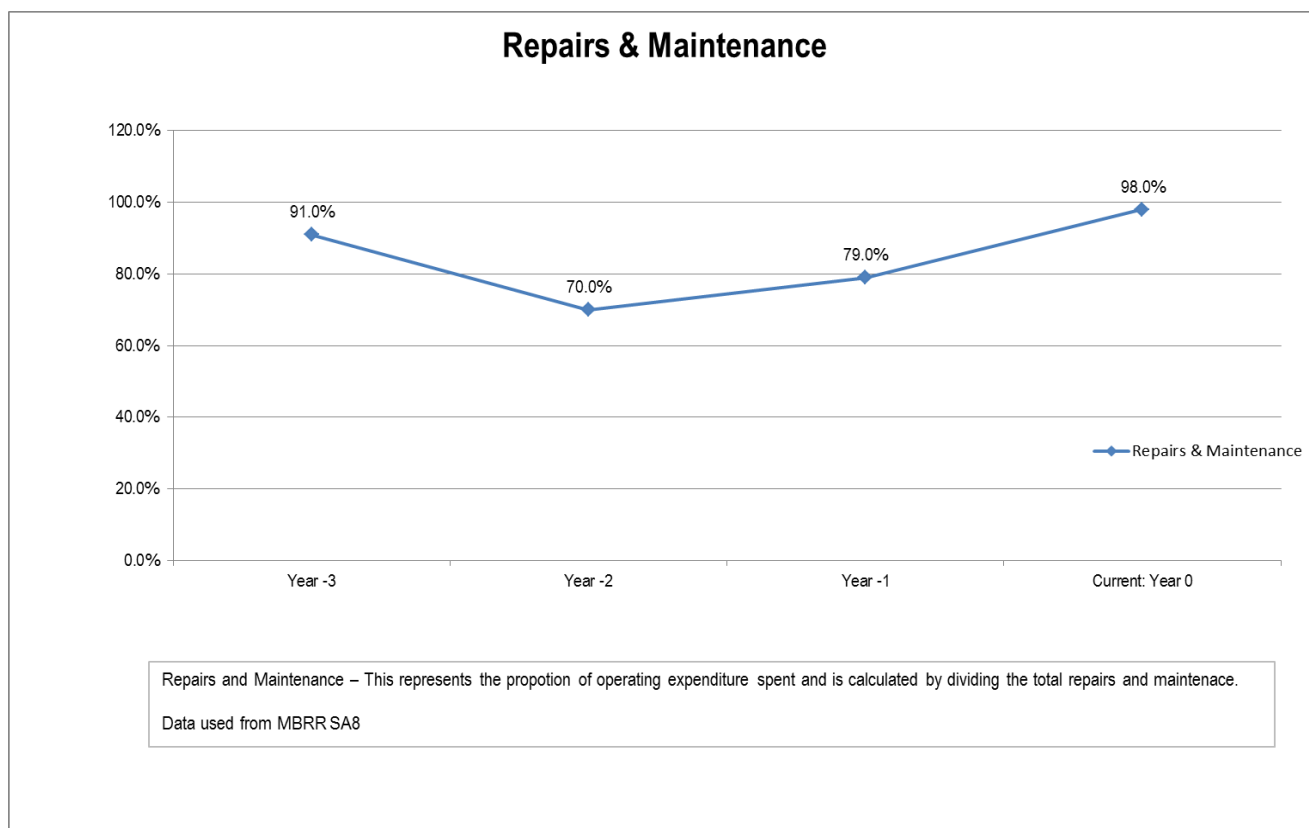


Figure 15: Repairs and Maintenance

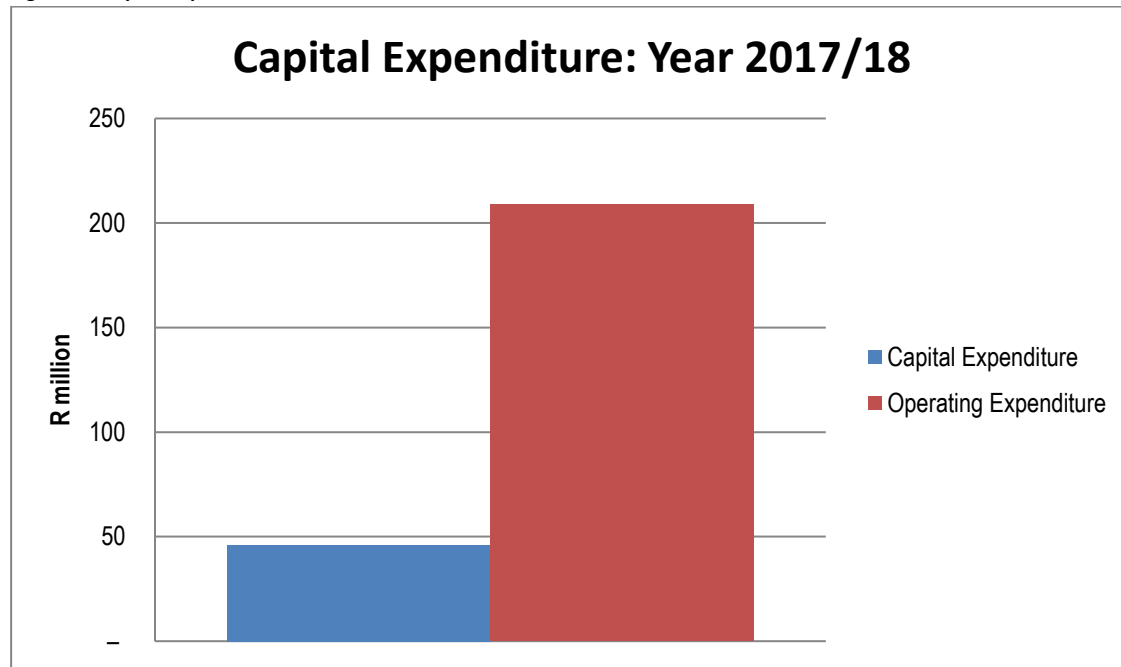


COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Total spending for our capital expenditure improved in the **2017/18** financial year and this was due to delays in the submission of specification and sitting of bid Committees processes, however the unspent grant was committed.

Figure 16: Capital Expenditure



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5.7 CAPITAL SPENDING ON 5 LARGEST PROJECT

Table 127: Capital Expenditure on the 5 Largest Projects

| Capital Expenditure of 5 largest Projects* | | | | | |
|---|--|-----------------|---------------|------------------------|---------------------|
| R'000 | | | | | |
| Name of Project | Current Year: 2017/18 | | | Variance: Current Year | |
| | Original Budget | Adjusted Budget | Actual Budget | Original Variance % | Adjusted Variance % |
| A - Establishment of Landfill site Balfour/ Siyathemba Phase 02 | | | | | |
| | 7.5 | 0 | 0 | 0% | 0% |
| Delays | None | | | | |
| Objective of Project | Waste Management | | | | |
| Future Challenges | Budget | | | | |
| Anticipated citizen benefits | Healthy Environment | | | | |
| B - Provision of Sewer Reticulation Network in Grootvlei Ext 1 | | | | | |
| | 13.8 | 0 | 0 | 0% | 0% |
| Delays | None | | | | |
| Objective of Project | Sanitation Services | | | | |
| Future Challenges | Maintenance Budget | | | | |
| Anticipated citizen benefits | Access to decent sanitation services | | | | |
| C - Upgrading of MV Systems in Balfour | | | | | |
| | 0.555 | 0 | 0 | 0% | 0% |
| Delays | None | | | | |
| Objective of Project | Electricity Services | | | | |
| Future Challenges | Maintenance Budget | | | | |
| Anticipated citizen benefits | Improved electricity services to the community | | | | |
| D - Construction and rehabilitation of roads - Siyathemba: Mofokeng Street | | | | | |
| | 4.288 | 0 | 0 | 0% | 0% |
| Delays | None | | | | |
| Objective of Project | Road and stormwater infrastructure | | | | |
| Future Challenges | Maintenance Budget | | | | |
| Anticipated citizen benefits | Improved road networks and safety | | | | |
| E - Construction and rehabilitation of roads - Siyathemba: Monareng Street | | | | | |
| | 2.272 | 0 | 0 | 0% | 0% |
| Delays | None | | | | |
| Objective of Project | Road and stormwater infrastructure | | | | |
| Future Challenges | Maintenance Budget | | | | |
| Anticipated citizen benefits | Improved road networks and safety | | | | |
| | T 5.7.1 | | | | |

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS– OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Municipality is expected to provide basic essential services on water, sanitation and electricity. The Municipality experience backlogs in terms of households without access to water, sanitation and electricity. The Municipality has plans in place to address the infrastructure backlogs.

Table 128: Service Backlog

| Service Backlog as at 30 June 2017 | | | | |
|--|---------|------|---|---------|
| | | | Households (HHs) | |
| *Service Level above minimum standard | | | **Service Delivery below minimum standard | |
| | No. HHs | %HHs | No. HHs | %HHs |
| Water | 14 120 | 95% | 757 | 5% |
| Sanitation | 13 976 | 94% | 901 | 6% |
| Electricity | 13 815 | 86% | 1062 | 14% |
| Waste Management | | | | |
| Housing | | | | |
| % HHs are the service above/ below minimum standard as a proposition of total HHs. Housing refers to * Formal and **Informal settlements | | | | |
| | | | | T 5.8.2 |

Chapter 5

Table 129: Grant Expenditure on Service Backlog

| Municipal Infrastructure Grant (MIG)* Expenditure Year 17/18 on Service backlogs | | | | | |
|--|--------|--------------------|--------|----------|--------------------|
| R' 000 | | | | | |
| Details | Budget | Adjustments Budget | Actual | Variance | |
| | | | | Budget | Adjustments Budget |
| Infrastructure - Road transport | | | | % | % |
| Roads, Pavements & Bridges | 3000 | 5000 | 250 | 10% | % |
| Storm water | | | | % | % |
| Infrastructure - Electricity | | | | % | % |
| Generation | | | | % | % |
| Transmission & Reticulation | | | | % | % |
| Street Lighting | 1500 | 1800 | 1800 | 20% | % |
| Infrastructure - Water | | | | % | % |
| Dams & Reservoirs | | | | % | % |
| Water purification | | | | % | % |
| Reticulation | 1500 | 1500 | 1500 | 100% | % |
| Infrastructure - Sanitation | | | | % | % |
| Reticulation | 11,000 | 11,000 | 11000 | 100% | % |
| Sewerage purification | | | | % | % |
| Infrastructure - Other | | | | % | % |
| Waste Management | 6000 | 6000 | 5800 | % | % |
| Transportation | | | | % | % |
| Gas | | | | % | % |
| Other Specify: | | | | % | % |
| Sport and recreation | 3000 | 3000 | - | % | % |
| | - | | | % | % |
| | | | | % | % |
| Total | - | | | % | % |

COMMENTS:

The Municipality experience backlogs in terms of households without access to water, sanitation and electricity. The Municipality has plans in place to address the infrastructure backlogs.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The table below is a statement of cash flow which represents cash inflow and outflow relating to the municipal operations. The content of its covers the following

1. Cash flows from operating activities which represents the cash inflow and outflows from operation of the municipality
2. Cashflows from investing activities: which represents cash inflow and outflows from selling or acquisition of capital assets
3. Cash flow from financing activities which represents cash inflow or outflow from borrowings and repayment thereof.

Chapter 5

Table 130: Cash Flow Outcomes

| Cash Flow Outcomes | | | | |
|---|-----------------|------------------|-----------------|-----------------|
| | | | | R'000 |
| Description | Year 2016/17 | Current: 2017/18 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | 67 414 | 87 776 | 87 776 | 56 688 |
| Government - operating | 44 012 | 64 313 | 64 313 | 67 487 |
| Government - capital | 31 159 | 40 122 | 40 122 | 40 122 |
| Interest | 19 106 | 4 100 | 4 100 | 20 934 |
| Dividends | – | | | |
| Payments | | | | |
| Suppliers and employees | (131 277) | (86 418) | (86 418) | (59 751) |
| Finance charges | (1 910) | (66 521) | (66 521) | (76 885) |
| Transfers and Grants | (3 384) | (3 163) | (3 163) | (5 564) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 25 120 | 40 208 | 40 208 | 43 032 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | – | | | |
| Decrease (Increase) in non-current debtors | – | | | |
| Decrease (increase) other non-current receivables | – | | | |
| Decrease (increase) in non-current investments | – | | | |
| Payments | | | | |
| Capital assets | (48 599) | (40 122) | (40 122) | (40 069) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (48 599) | (40 122) | (40 122) | (40 069) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Short term loans | – | – | – | – |
| Borrowing long term/refinancing | – | – | – | – |
| Increase (decrease) in consumer deposits | – | – | – | – |
| Payments | | | | |
| Repayment of borrowing | – | – | – | – |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | – | – | – | – |
| NET INCREASE/ (DECREASE) IN CASH HELD | (23 479) | 86 | 86 | 2 963 |
| Cash/cash equivalents at the year begin: | 24 852 | 33 746 | 145 | 145 |
| Cash/cash equivalents at the year end: | 1 373 | 33 832 | 232 | 3 108 |
| Source: MBRR A7 | | | | T 5.9.1 |

COMMENT ON CASHFLOW

1. Cashflows from operating activities increased due to unspent conditional grants.

Chapter 5

5.10 BORROWING AND INVESTMENT

INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality has no borrowings or investments.

Table 131: Actual Borrowings

| Actual Borrowings: | | | |
|--|---------|---------|---------|
| | R' 000 | | |
| Instrument | 2015/16 | 2016/17 | 2017/18 |
| Municipality | | | |
| Long-Term Loans (annuity/reducing balance) | - | - | - |
| Long-Term Loans (non-annuity) | - | - | - |
| Local registered stock | - | - | - |
| Instalment Credit | - | - | - |
| Financial Leases | - | - | - |
| PPP liabilities | - | - | - |
| Finance Granted By Cap Equipment Supplier | - | - | - |
| Marketable Bonds | - | - | - |
| Non-Marketable Bonds | - | - | - |
| Bankers Acceptances | - | - | - |
| Financial derivatives | - | - | - |
| Other Securities | - | - | - |
| Municipality Total | 0 | 0 | 0 |
| Municipal Entities | - | - | - |
| Long-Term Loans (annuity/reducing balance) | - | - | - |
| Long-Term Loans (non-annuity) | - | - | - |
| Local registered stock | - | - | - |
| Instalment Credit | - | - | - |
| Financial Leases | - | - | - |
| PPP liabilities | - | - | - |
| Finance Granted By Cap Equipment Supplier | - | - | - |
| Marketable Bonds | - | - | - |
| Non-Marketable Bonds | - | - | - |
| Bankers Acceptances | - | - | - |
| Financial derivatives | - | - | - |
| Other Securities | - | - | - |
| Entities Total | 0 | 0 | 0 |

T 5.10.2

Comment on borrowing and investments:

The municipality has no borrowings or investments.

5.11 PUBLIC PRIVATE PARTNERSHIPS

INTRODUCTION TO PUBLIC PRIVATE PARTNERSHIPS

No agreements are currently in place.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

INTRODUCTION TO SUPPLY CHAIN MANAGEMENT

Although the SCM policy was reviewed the municipality experienced certain issues of non-compliance with laws and regulations relating to supply chain management (SCM) and the MFMA and in the opinion of the office of the Auditor General these could have been prevented had SCM Regulations been properly adhered to.

5.13 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognised Accounting Practice and it provides guidance on the accounting treatment of financial transactions to which municipalities must comply in order to report on the financial affairs of the municipality. Compliance with GRAP ensures that municipal accounts are accurate, reliable, comparable and informative for the municipality and investors. It also ensures that the municipality is accountable to its citizens and other stakeholders. Compliance with GRAP is required in order for National Treasury to measure the performance and assess the viability of the municipality.

The municipality complied with all GRAP standards as legislated

GLOSSARY

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS]

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS2017/18

SEPARATELY BOUND, SEE ANNEXURE

GLOSSARY

GLOSSARY

| | |
|---------------------------------|---|
| Accessibility indicators | Explore whether the intended beneficiaries are able to access services or outputs. |
| Accountability documents | Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports. |
| Activities | The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”. |
| Adequacy indicators | The quantity of input or output relative to the need or demand. |
| Annual Report | A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General. |
| Approved Budget | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive. |
| Baseline | Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period. |
| Basic municipal service | A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment. |
| Budget year | The financial year for which an annual budget is to be approved – means a year ending on 30 June. |
| Cost indicators | The overall cost or expenditure of producing a specified quantity of outputs. |
| Distribution indicators | The distribution of capacity to deliver services. |

GLOSSARY

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|--|--|
| Financial Statements | Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed. |
| General performance indicators | Key After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally. |
| Impact | The results of achieving specific outcomes, such as reducing poverty and creating jobs. |
| Inputs | All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings. |
| Integrated Development Plan (IDP) | Plan Set out municipal goals and development plans. |
| National Key performance areas | <ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation |
| Outcomes | The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve". |
| Outputs | The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area. |
| Performance Indicator | Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered) |
| Performance Information | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure. |

GLOSSARY

| | |
|--|---|
| | |
| Performance Standards: | The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor. |
| Performance Targets: | The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period. |
| Service Delivery Budget Implementation Plan | Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included. |
| Vote: | <p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.</i></p> |

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| Functionality of Ward Committees | | | | | | |
|----------------------------------|---|-----------------|--------------------------------|---|---|---|
| Ward | Name of Ward Councillor and Elected Ward Committee Member | Political party | Committee established (Yes/No) | Number of monthly meetings held during the year | Number of monthly reports submitted to Speaker's office on time | Number of quarterly public ward meetings held during the year |
| Ward 1 | Clr SME Nhlapo | ANC | Yes | 12 | 0 | 4 |
| Ward 2 | Clr BK Nkosi | ANC | Yes | 12 | 0 | 4 |
| Ward 3 | Clr PM Mokoena | ANC | Yes | 12 | 0 | 4 |
| Ward 4 | Clr ML Makhubu | ANC | Yes | 12 | 0 | 4 |
| Ward 5 | Clr AK Nyamade | ANC | Yes | 12 | 0 | 4 |
| Ward 6 | Clr TJ Mahlangu | ANC | Yes | 12 | 0 | 4 |
| | | | | | | TE |

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

| Committees(other than Mayoral/Executive Committee) and Purposes of Committees | | |
|--|--|--|
| Municipal Committee | Purpose of Committee | |
| Cl ML Makhubu | Finance Portfolio /Executive Mayor | |
| Cl r BK Nkosi | Policy &By-laws, rules & ethics Committee/Speaker | |
| Clr AK Nyamade | MPAC-Chairperson | |
| Clr WS Davel | Finance Portfolio | |
| Clr BN Nkosi | MPAC Member | |
| Clr MD Khanye | Section 80 Committee | |
| Clr ZS Ngwenya | Section 80 Committee | |
| Clr TJ Mahlangu | MPAC Member | |
| Clr MD Khanye | Section 80 Committee/MMC | |
| Clr FS Dlamini | MPAC Member | |

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

| THIRD TIER STRUCTURE | |
|---|--|
| Directorate | Director/Manager (State title and name) |
| Office of the Municipal Manager | Ms TC Mametja (Acting MM) - till October 2017. Mr PI Mutshinyali (Municipal Manager)-From November 2018. |
| Corporate Services | Mr BS Ntuli (Acting Director) till April 2018 Mr TP Mokoena (Director) – from May 2018 |
| Infrastructure Services | Mr S Ramaremla (Acting Director)- till July 2017 Mr LM Msibi (Director) from August 2017 |
| Budget and Treasury | Ms A Ngema (CFO)-till April 2018 Mr S Phiri (Acting) –till October 2018 Mr GC Letsoalo (CFO) from November 2018 |
| Community Services | Mr IV Madonsela(Director)- till June 2018 Ms MT Mngomezulu (Acting Director)- till July 2018 Ms BN Khanye (Director) from - August 2018. |
| Planning & Economic Development | L Makaya (Director) till May 2018 Mr CT Myeza (Director)- July 2018 |
| <i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2)</i> | |
| TC | |

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY/ENTITY

| Municipal / Entity Functions | | |
|---|--|---|
| MUNICIPAL FUNCTIONS | Function Applicable to Municipality (Yes / No)* | Function Applicable to Entity (Yes / No) |
| Constitution Schedule 4, Part B functions: | | |
| Air pollution | No | |
| Building regulations | Yes | |
| Child care facilities | No | |
| Electricity and gas reticulation | Yes | |
| Firefighting services | Yes | |
| Local tourism | Yes | |
| Municipal airports | No | |
| Municipal planning | Yes | |
| Municipal health services | No | |
| Municipal public transport | No | |
| Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law | No | |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto | No | |
| Stormwater management systems in built-up areas | Yes | |
| Trading regulations | Yes | |
| Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems | Yes | |
| Beaches and amusement facilities | No | |
| Billboards and the display of advertisements in public places | Yes | |
| Cemeteries, funeral parlours and crematoria | Yes | |
| Cleansing | Yes | |
| Control of public nuisances | Yes | |
| Control of undertakings that sell liquor to the public | Yes | |
| Facilities for the accommodation, care and burial of animals | No | |
| Fencing and fences | No | |
| Licensing of dogs | No | |
| Licensing and control of undertakings that sell food to the public | Yes | |
| Local amenities | Yes | |
| Local sport facilities | Yes | |
| Markets | Yes | |
| Municipal abattoirs | No | |
| Municipal parks and recreation | Yes | |

APPENDICES

| | | |
|---|-----|------------|
| Municipal roads | Yes | |
| Noise pollution | Yes | |
| Pounds | Yes | |
| Public places | Yes | |
| Refuse removal, refuse dumps and solid waste disposal | Yes | |
| Street trading | Yes | |
| Street lighting | Yes | |
| Traffic and parking | Yes | |
| * If municipality: indicate (yes or No); * If entity: Provide name of entity | | <i>T D</i> |

APPENDICES

APPENDIX E –WARD REPORTING

APPENDIX E – WARD REPORTING

| Councillors, Committees Allocated and Council Attendance | | | | | |
|--|--------------------------|---|-------------------------------------|--|---|
| Council Member | Full time/ Part -Time | Committees Allocated | Ward and/or Party Represented | Percentage Council Meeting Attendance | Percentage Apologies for non- attendance |
| Clr ML Makhubu | FT | Finance Portfolio /Executive Mayor | Ward 4 (ANC) | 100% | 0% |
| Clr BK Nkosi | FT | Policy &By-laws, rules & ethics Committee/Speaker | Ward 2 PR (ANC) | 100% | 0% |
| Clr AK Nyamade | PT | MPAC-Chairperson | Ward 5 (ANC) | 100% | 0% |
| Clr SW Davel | PT | Finance Portfolio | Ward 3 (DA) | 100% | 0% |
| Clr FS Dlamini | PT | MPAC Member | Ward 3 PR (DA) | 100% | 0% |
| Clr ZS Ngwenya | FT | Section 80 Committee | Ward 1 (ANC) | 100% | 0% |
| | | | | | |
| Clr LM Maruping | P | MPAC member | Ward 4 (ANC) | 100% | 0% |
| Clr TJ Mahlangu | PT | MPAC Member | Ward 6 (ANC) | 100% | 0% |
| Clr MD Khanye | FT | Section 80 Committee/MMC | Ward 6 (ANC) | 100% | 0% |
| Clr BN Nkosi | PT | MPAC Member | Ward 1 (EFF) | 100% | 0% |
| Note: Councillors appointed on proportional basis do not have wards allocated to them | | | | | TE |

APPENDICES

APPENDIX F – WARD INFORMATION

| Functionality of Ward Committees | | | | | |
|----------------------------------|---|--------------------------------|---|---|---|
| Ward | Name of Ward Councillor and Elected Ward Committee Member | Committee established (Yes/No) | Number of monthly meetings held during the year | Number of monthly reports submitted to Speaker's office on time | Number of quarterly public ward meetings held during the year |
| Ward 2 | Clr BK Nkosi | Yes | 12 | 0 | 4 |
| Ward 1 | Clr FS Dlamini | Yes | 12 | 0 | 4 |
| Ward 1 | Clr DS Sithole | Yes | 12 | 0 | 4 |
| Ward 3 | Clr PM Mokoena | Yes | 12 | 0 | 4 |
| Ward 3 | Clr W Davel | Yes | 12 | 0 | 4 |
| Ward 4 | Clr ML Makhubu | Yes | 12 | 0 | 4 |
| Ward 5 | Clr AK Nyamade | Yes | 12 | 0 | 0 |
| Ward 3 | Clr BN Nkosi | Yes | 12 | 0 | 0 |
| Ward 6 | Clr TJ Mahlangu | Yes | 12 | 0 | 4 |
| Ward 6 | Clr MD Khanye | Yes | 12 | 0 | 4 |
| Ward 1 | Clr ZS Ngwenya | Yes | 12 | 0 | 4 |
| Ward 4 | Clr LM Maruping | Yes | 12 | 0 | 4 |
| | | | | | TE |

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2017/

| Municipal Audit Committee Recommendations | | |
|--|---|--|
| Date of Committee | Committee Recommendations during 2017/18 | Recommendations adopted (enter yes); not adopted (provide explanation) |
| 17 October 2016 20 January 2017 20 July 2017 | (1) Continuous interaction between Directors, Manager in the Office of the Municipal Manager, PMS and the Internal Audit unit must be ongoing during performance audits to ensure that any challenges can be immediately addressed. | Yes |
| 17 October 2016 20 January 2017 | (2) Directors must also reflect quarterly on the following: (a) Departmental financial management; (b) Areas of continuous systems improvement | Yes |
| 17 October 2016 20 January 2017 20 July 2017 | (3) Quarterly management meetings must be held to deal with performance information, ideally before the report is submitted to the Audit Committee; | Yes |
| 17 October 2016 20 January 2017 20 July 2017 | (4) The role of Secretaries must be strengthened in the consolidation of monthly and quarterly departmental information as well as compiling the POEs; | Yes |
| 17 October 2016 20 January 2017 20 July 2017 | (5) Directors and Manager in the Office of the Municipal Manager MUST submit the PI to Internal Audit Office on the set date by the Accounting Officer; | Yes |
| 17 October | (6) Directors must also cascade | Yes |

APPENDICES

| | | |
|---|---|-----|
| 2016 20 January 2017 20 July 2017 | performance review to the lower levels; (Individual Managers and Teams) | |
| 20 January 2017 | (1) Management should consider revising the SDBIP now in January 2017 and submit it to council with ALL the amendments for approval | Yes |
| 20 January 2017 | (2) In future performance Agreements of the Municipal Manager and ALL Directors should be signed timeously, should be made public no later than 14 days after the approval of the Municipality's SDBIP | Yes |
| Q3 | (1) Management should start compiling the 2017/2018 SDBIP in preparation to submit it to Executive Mayor; | Yes |

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

none

APPENDIX I – MUNICIPAL ENTITY

None

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

None

APPENDICES

APPENDIX I: REVENUE COLLECTION PERFORMANCE BY VOTE

| Revenue Performance by Vote | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|-----------------|--------------------|
| Vote Description | R' 000 | | | | | |
| | 2016/17 | Current: 2017/18 | | | Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Vote 1 - EXECUTIVE AND COUNCIL | 52 692 746 | 58 388 000 | 58 388 000 | 57 645 181 | 1% | 1% |
| Vote 2 - FINANCIAL AND ADMINISTRATION | 40 643 512 | 42 917 601 | 42 917 601 | 38 234 038 | 12% | 12% |
| Vote 3 - COMMUNITY SERVICES | 332 093 | 174 965 | 174 965 | 31 590 | 454% | 454% |
| Vote 4 - DEVELOPMENT AND PLANNING | 13 127 | 148 315 | 148 315 | 89 222 | 0% | 66% |
| Vote 5 - SPORTS AND RECREATION | | - | - | | 0% | #DIV/0! |
| Vote 6 - ROADS | 1 975 642 | 6 599 120 | 6 599 120 | | #DIV/0! | #DIV/0! |
| Vote 7 - PUBLIC SAFETY | 1 521 250 | 1 752 833 | 1 752 833 | 1 963 791 | -11% | -11% |
| Vote 8 - WASTE MANAGEMENT | 6 805 866 | 7 753 271 | 7 753 271 | 8 030 891 | -3% | -3% |
| Vote 9 - WATER WASTE MANAGEMENT | 14 119 706 | 32 266 671 | 32 266 671 | 16 508 028 | 95% | 95% |
| Vote 10 - WATER | 16 259 450 | 17 627 247 | 17 627 247 | 17 109 404 | 3% | 3% |
| Vote 11 - ELECTRICITY | 41 788 795 | 72 420 011 | 72 420 011 | 69 269 590 | 5% | 5% |
| Example 12 - Vote 12 | - | - | - | - | 0% | - |
| Example 13 - Vote 13 | - | - | - | - | 0% | - |
| Example 14 - Vote 14 | - | - | - | - | 0% | |
| Example 15 - Vote 15 | - | - | - | - | 0% | |
| Total Revenue by Vote | 176 152 187 | 240 048 035 | 240 048 035 | 208 881 735 | #DIV/0! | #DIV/0! |
| Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3 | | | | | | T K.1 |

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

| Revenue Collection Performance by Source | | | | | | |
|---|----------------|------------------|--------------------|----------------|-----------------|--------------------|
| R '000 | | | | | | |
| Description | 2016/17 | Current: 2017/18 | | Actual | Variance | |
| | Actual | Original Budget | Adjustments Budget | | Original Budget | Adjustments Budget |
| Property rates | 13 645 | 15 834 | 15 834 | 16 112 | -2% | -2% |
| Property rates - penalties & collection charges | – | – | – | | 0% | 0% |
| Service Charges - electricity revenue | 41 471 | 50 098 | 50 098 | 52 683 | -5% | 0% |
| Service Charges - water revenue | 15 731 | 17 549 | 17 549 | 19 006 | -8% | 0% |
| Service Charges - sanitation revenue | 14 120 | 16 107 | 16 107 | 16 604 | -3% | 0% |
| Service Charges - refuse revenue | 5 364 | 6 043 | 6 043 | 6 326 | -5% | 0% |
| Service Charges - other | – | – | – | | 0% | 0% |
| Rentals of facilities and equipment | 213 | 238 | 238 | 219 | 8% | 8% |
| Interest earned - external investments | 1 390 | 1 100 | 1 100 | 487 | 56% | 0% |
| Interest earned - outstanding debtors | 20 901 | 22 281 | 22 281 | 20 447 | 8% | 9% |
| Dividends received | – | – | – | | | |
| Fines | 1 521 | 1 697 | 1 697 | 948 | 44% | 79% |
| Licences and permits | – | 42 | 42 | | 0% | 0% |
| Agency services | 3 494 | 3 683 | 3 683 | 1 964 | 47% | 88% |
| Transfers recognised - operational | 81 425 | 64 313 | 64 313 | 56 678 | 12% | 13% |
| Other revenue | 791 | 943 | 943 | 3 085 | -227% | -69% |
| Gains on disposal of PPE | – | – | – | – | 0% | 0% |
| Environmental Protection | – | – | – | – | | |
| Total Revenue (excluding capital transfers and contributions) | 200 065 | 199 926 | 199 926 | 194 559 | -2.76% | -2.76% |
| Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4. | | | | | | T K.2 |

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

None

APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

| Capital Expenditure - New Assets Programme* | | | | | | | |
|---|------------|-----------------|-------------------|--------------------|-----------------------------|--------|--------|
| R '000 | | | | | | | |
| Description | Year -1 | Year 0 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| Capital expenditure by Asset Class | | | | | | | |
| Infrastructure - Total | 24,747 | 28,643 | | 24,747 | - | - | - |
| Infrastructure: Road transport - Total | - | - | - | - | - | - | - |
| Roads, Pavements & Bridges | | | | | | | |
| Storm water | | | | | | | |
| Infrastructure: Electricity - Total | 9,012 | 14,200 | 15,700 | 9,012 | - | - | - |
| Generation | | | | | | | |
| Transmission & Reticulation | 9,012,131 | 14,200,000 | 15,700,000 | 9,012,131 | | | |
| Street Lighting | | | | | | | |
| Infrastructure: Water - Total | - | - | - | - | - | - | - |
| Dams & Reservoirs | | | | | | | |
| Water purification | | | | | | | |
| Reticulation | | | | | | | |
| Infrastructure: Sanitation - Total | 15,735 | 14,443 | 20,943 | 15,735 | - | - | - |
| Reticulation | | | | | | | |
| Sewerage purification | 15,734,764 | 14,443,000 | 20,943,000 | 15,734,764 | | | |
| Infrastructure: Other - Total | - | - | | - | - | - | - |
| Waste Management | | | | | | | |
| Transportation | | | | | | | |
| Gas | | | | | | | |
| Other | | | | | | | |
| Community - Total | - | - | | - | - | - | - |
| Parks & gardens | | | | | | | |
| Sportsfields & stadia | | | | | | | |
| Swimming pools | | | | | | | |
| Community halls | | | | | | | |
| Libraries | | | | | | | |
| Recreational facilities | | | | | | | |
| Fire, safety & emergency | | | | | | | |
| Security and policing | | | | | | | |
| Buses | | | | | | | |
| Clinics | | | | | | | |
| Museums & Art Galleries | | | | | | | |
| Cemeteries | | | | | | | |
| Social rental housing | | | | | | | |
| Other | | | | | | | |
| <i>Table continued next page</i> | | | | | | | |

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

None

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

None

APPENDIX N – CAPITAL PROGRAMME BY PROJECT

APPENDICES

| | | | | | R' 000 |
|-----------------------------------|-----------------|-------------------|---------------|---------------------------|--------------------------|
| Capital Project | Original Budget | Adjustment Budget | Actual | Variance (Act - Adj) % | Variance (Act - OB) % |
| | | | | | |
| Water | | | | | |
| "Project A" | | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| "Project C" | | | | #DIV/0! | #DIV/0! |
| Sanitation/Sewerage | | | | | |
| "Project A" | 16 159 956.00 | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| Electricity | | | | | |
| "Project A" | 22 000 000.00 | 1 700 000.00 | 17 000 000.00 | 90% | -29% |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| Housing | | | | | |
| "Project A" | | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| Refuse removal | | | | | |
| "Project A" | | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| Stormwater | | | | | |
| "Project A" | | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| Economic development | | | | | |
| "Project A" | | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| Sports, Arts & Culture | | | | | |
| "Project A" | | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| ROADS | | | | | |
| "Project A" | 1 962 244.00 | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| Health | | | | | |
| "Project A" | | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| Safety and Security | | | | | |
| "Project A" | | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| ICT and Other | | | | | |
| "Project A" | | | | #DIV/0! | #DIV/0! |
| "Project B" | | | | #DIV/0! | #DIV/0! |
| | | | | | T N |

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY

| Capital Programme by Project by Ward: 2015/16 | | |
|--|------------------|-----------------------------|
| Capital Project | Ward(s) affected | Works completed (Yes/No) |
| Water | | |
| "Project A" | | |
| "Project B" | | |
| Sanitation/Sewerage | | |
| provision of sewer reticulations | Ward 5 | No |
| Upgrading of Grootvlei waste water treatment plant | Ward 5 | No |
| Electricity | | |
| Repalcement of old feeder lines | Ward 3 and and 5 | No |
| Housing | | |
| | | |
| | | |
| Refuse removal | | |
| | | |
| | | |
| Stormwater | | |
| | | |
| | | |
| Economic development | | |
| | | |
| | | |
| Sports, Arts & Culture | | |
| | | |
| | | |
| Environment | | |
| | | |
| | | |
| Health | | |
| | | |
| | | |
| Safety and Security | | |
| | | |
| | | |
| ICT and Other | | |
| | | |
| | | |
| | | T O |

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

None

APPENDICES

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

| Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis) | | |
|---|-------------------|--------------------------------|
| Services and Locations | Scale of backlogs | Impact of backlogs |
| Clinics: | | |
| | n/a | n/a |
| | | |
| | | |
| Housing: | | |
| | 35% | increase in informal dwellings |
| | | |
| | | |
| Licencing and Testing Centre: | | |
| | n/a | n/a |
| | | |
| | | |
| Recreation: | | |
| | n/a | n/a |
| | | |
| | | |
| Schools (Primary and High): | | |
| | n/a | n/a |
| | | |
| | | |
| Sports Fields: | | |
| | n/a | n/a |
| | | |
| | | |
| | | T Q |

APPENDICES

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

None

APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

None

APPENDIX T – PRESEDENTIAL OUTCOME FOR LOCAL GOVERNMENT

None

APPENDIX U: ANNUAL PERFORMANCE REPORT

SEE ATTACHED.

The financial statements are the responsibility of the Council. The Council is responsible for ensuring that the financial statements are prepared in accordance with the applicable financial reporting framework and that they are true and fair.

Dipaleseng Local Municipality
Annual financial statements
for the year ended 30 June 2018

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

General Information

| | |
|--|---|
| Legal form of entity | Dipaleseng Local Municipality |
| Demarcation code | MP 306 |
| Members of Council | 12 |
| Executive Mayor | Councillor: ML Makhubu |
| Speaker | Councillor: KB Nkosi |
| Councillors | Councillor: ZS Ngwenya (MMC) Councillor: MD Khanye (MMC) Councillor: AK Nyamade (MPAC Chairperson) Councillor: PM Mokoena Councillor: LM Maruping Councillor: TJ mahlangu Councillor: SME Nhlapho Councillor: MF Dlamini Councillor: WS Davel Councillor: BN Nkosi |
| Accounting Officer | Ms TC Mametja |
| Acting Chief Financial Officer (CFO) | SM Phiri |
| Grading of local authority | Grade 2 |
| Nature of business and principal activities | Local government institution in the Gert Sibande District, Mpumalanga |
| Auditors | Auditor General South Africa |
| Bankers | First National Bank Limited South Africa |
| Legal advisors | Panel of Attorneys |
| Currency | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008. |
| Rounding off | Nearest Rand |
| Registered office | Cnr of Johnny Mokoena Drive and Themba Shoji Street Balfour Mpumalanga 2410 |
| Postal address | Private Bag X1005 Balfour Mpumalanga 2410 |
| Telephone number | 017 773 0055 |
| Fax | 017 773 0169 |
| e-mail address | dipaleseng@worldonline.com |
| official website | www.dipaleseng.com |

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

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~~The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:~~

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| Statement of Changes in Net Assets for the year ended 30 June 2018 | 8 |
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| | |
|---------|--|
| COID | Compensation for Occupational Injuries and Diseases |
| CRR | Capital Replacement Reserve |
| DBSA | Development Bank of South Africa |
| SA GAAP | South African Statements of Generally Accepted Accounting Practice |
| GRAP | Generally Recognised Accounting Practice |
| GAMAP | Generally Accepted Municipal Accounting Practice |
| HDF | Housing Development Fund |
| IAS | International Accounting Standards |
| CIGFARO | Chartered institute of Government Finance, Audit and Risk Officer |
| IPSAS | International Public Sector Accounting Standards |
| ME's | Municipal Entities |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant (Previously CMIP) |

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Responsibilities and Approval

~~The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.~~

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the Dipaleseng Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The annual financial statements set out on pages 4 to 71, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018.

**Accounting Officer
Designation**

31 August 2018

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

~~The accounting officer submits her report for the year ended 30 June 2018.~~

1. Review of activities

Main business and operations

Net surplus of the municipality was R102 122 040 (2017: surplus R 6 353 729).

2. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had accumulated Surplus of R 414 081 769 and that the municipality's total assets exceed its liabilities by R 414 081 769.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Acceptable Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Standard Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The Acting accounting officers of the municipality during the year were Mr SL Netshivhale and at reporting date was Ms TC Mametja .

6. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King 4 Report on Corporate Governance for South Africa 2016. The accounting officer discusses the responsibilities of management in this respect, at Council meetings and monitors the municipality's compliance with the code on a quarterly basis.

The salient features of the municipality's adoption of the Code are outlined below:

Audit committee

During the current financial year the chairperson of the audit committee was Mr. A.C. Keyser who is an independent audit committee member. The Municipality has in addition two other independent audit committee members.

In terms of Section 166 of the Municipal Finance Management Act 56 of 2003, the municipality must appoint members of the Audit Committee. Dipaleseng Local Municipality was able to appoint the independent members as required by the Municipal Finance Management Act 56, 2003 during the year under review.

Internal audit

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

The Municipal internal audit unit is headed by MM Ngwenya This is in compliance with the Municipal Finance Management Act, 2003.

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

7. Bankers

First National Bank Limited will continue to provide financial services to the municipality.

8. Auditors

Auditor General South Africa will continue in office for the next financial period.

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 2 | 3 108 152 | 145 446 |
| Receivables from non-exchange transactions | 3 | 3 132 286 | 1 861 713 |
| Receivables from exchange transactions | 4 | 34 196 659 | 9 370 822 |
| Inventories | 5 | 84 079 | 29 812 |
| | | 40 521 176 | 11 407 793 |
| Non-Current Assets | | | |
| Investment property | 8 | 38 785 823 | 52 493 011 |
| Property, plant and equipment | 9 | 529 070 906 | 411 850 519 |
| Intangible assets | 6 | 380 372 | 405 017 |
| Other financial asset | 7 | 216 815 | 216 815 |
| | | 568 453 916 | 464 965 362 |
| Total Assets | | 608 975 092 | 476 373 155 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | 99 732 047 | 81 926 923 |
| Vat Payable | 11 | 20 933 326 | 17 602 819 |
| Consumer deposits | 12 | 1 424 463 | 1 457 055 |
| Unspent conditional grants and receipts | 13 | 6 467 533 | 460 871 |
| Provisions | 14 | 19 812 806 | 19 935 130 |
| Employee benefit obligation | 15 | 314 991 | 295 293 |
| | | 148 685 166 | 121 678 091 |
| Non-Current Liabilities | | | |
| Employee benefit obligation | 15 | 12 344 734 | 11 218 706 |
| Provisions | 14 | 33 863 423 | 31 516 628 |
| | | 46 208 157 | 42 735 334 |
| Total Liabilities | | 194 893 323 | 164 413 425 |
| Net Assets | | 414 081 769 | 311 959 730 |
| Accumulated surplus | | 414 081 769 | 311 959 730 |

* See Note 39

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance for the year ended 30 June 2018

Figures in Rand

Note(s)

2018

2017
Restated*

Revenue

Revenue from exchange transactions

| | | | |
|---|----|-----------------------|-----------------------|
| Service charges | 16 | 94 618 171 | 85 115 254 |
| Rental of facilities and equipment | | 219 184 | 213 377 |
| Licences and permits | | 1 963 791 | 1 634 693 |
| Other income | 17 | 3 085 268 | 632 932 |
| Interest revenue | 18 | 20 934 372 | 19 106 101 |
| Total revenue from exchange transactions | | 120 820 786 | 106 702 357 |

Revenue from non-exchange transactions

Taxation revenue

| | | | |
|----------------|----|------------|------------|
| Property rates | 19 | 16 112 386 | 13 724 228 |
|----------------|----|------------|------------|

~~Transfer revenue~~

| | | | |
|---|----|--------------------|--------------------|
| Government grants & subsidies | 20 | 102 063 338 | 95 522 131 |
| Public contributions and donations | 22 | 95 559 259 | - |
| Fines | | 947 650 | 228 000 |
| Total revenue from non-exchange transactions | | 214 682 633 | 109 474 359 |
| Total revenue | 21 | 335 503 419 | 216 176 716 |

Expenditure

| | | | |
|--|---------------|-------------------------|-------------------------|
| Employee related costs | 24 | (56 146 835) | (49 801 686) |
| Remuneration of councillors | 25 | (4 935 893) | (5 103 822) |
| Depreciation and amortisation | 26 | (17 992 022) | (19 558 704) |
| Impairment loss | 33 | (1 106 716) | (116 074) |
| Finance costs | 27 | (5 564 097) | (1 910 179) |
| Lease rentals on operating lease | | (601 081) | (572 340) |
| Debt Impairment | 28 | (32 170 451) | (36 089 338) |
| Repairs and maintenance | | (1 704 575) | (6 740 459) |
| Bulk purchases | 29 | (56 551 683) | (52 279 712) |
| Transfers and Subsidies paid | 30 | (3 663 227) | (3 384 303) |
| Loss on disposal of assets and liabilities | | (13 347 887) | (2 110 329) |
| Fair value adjustments | 32 | (435 529) | (935 679) |
| General Expenses | 31 | (39 161 383) | (36 272 077) |
| Total expenditure | | (233 381 379) | (214 874 702) |
| Surplus for the year | | 102 122 040 | 1 302 014 |

* See Note 39

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets for the year ended 30 June 2018

| Figures in Rand | Accumulated surplus | Total net assets |
|---|------------------------|---------------------|
| Opening balance as previously reported | 313 324 009 | 313 324 009 |
| Adjustments | | |
| Prior year adjustments | (2 666 293) | (2 666 293) |
| Balance at 01 July 2016 as restated* | 310 657 716 | 310 657 716 |
| Changes in net assets | | |
| Restated Surplus for the year | 1 302 014 | 1 302 014 |
| Total changes | 1 302 014 | 1 302 014 |
| Restated* Balance at 01 July 2017 | 311 959 729 | 311 959 729 |
| Changes in net assets | | |
| surplus for the year | 102 122 040 | 102 122 040 |
| Total changes | 102 122 040 | 102 122 040 |
| Balance at 30 June 2018 | 414 081 769 | 414 081 769 |

* See Note 39

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement for the year ended 30 June 2018

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|---|-----------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 53 328 060 | 64 932 882 |
| Grants | | 107 609 129 | 75 170 675 |
| Interest income | | 20 934 372 | 19 106 101 |
| Other receipts | | 3 370 657 | 2 481 002 |
| | | 185 242 218 | 161 690 660 |
| Payments | | | |
| Employee costs | | (59 750 885) | (56 187 393) |
| Suppliers | | (76 884 833) | (71 464 930) |
| Finance costs | | (5 564 097) | (1 910 179) |
| | | (142 199 815) | (129 562 502) |
| Net cash flows from operating activities | 35 | 43 032 044 | 32 128 158 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 9 | (40 069 338) | (56 233 010) |
| Proceeds from sale of property, plant and equipment | 9 | - | 627 072 |
| Purchase of intangible assets | 6 | - | (1 333) |
| Net cash flows from investing activities | | (40 069 338) | (55 607 271) |
| Net increase/(decrease) in cash and cash equivalents | | 2 962 706 | (23 479 113) |
| Cash and cash equivalents at the beginning of the year | | 145 446 | 23 624 559 |
| Cash and cash equivalents at the end of the year | 2 | 3 108 152 | 145 446 |

* See Note 39

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|--------------------|-------------|--------------|--|---|-----------|
|--|--------------------|-------------|--------------|--|---|-----------|

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

| | | | | | | |
|---|--------------------|----------|--------------------|--------------------|------------------|-------|
| Service charges | 89 795 891 | - | 89 795 891 | 94 618 171 | 4 822 280 | 48.1 |
| Rental of facilities and equipment | 237 682 | - | 237 682 | 219 184 | (18 498) | |
| Licences and permits | 3 724 625 | - | 3 724 625 | 1 963 791 | (1 760 834) | 48.2 |
| Other income | 942 940 | - | 942 940 | 3 085 268 | 2 142 328 | 48.23 |
| Interest revenue | 23 380 994 | - | 23 380 994 | 20 934 372 | (2 446 622) | 48.3 |
| Total revenue from exchange transactions | 118 082 132 | - | 118 082 132 | 120 820 786 | 2 738 654 | |

Revenue from non-exchange transactions

Taxation revenue

| | | | | | | |
|----------------|------------|---|------------|------------|---------|--|
| Property rates | 15 834 364 | - | 15 834 364 | 16 112 386 | 278 022 | |
|----------------|------------|---|------------|------------|---------|--|

Transfer revenue

| | | | | | | |
|------------------------------------|------------|---|------------|-------------|------------|-------|
| Government grants & subsidies | 64 312 800 | - | 64 312 800 | 102 063 338 | 37 750 538 | 48.4 |
| Public contributions and donations | - | - | - | 95 559 259 | 95 559 259 | 48.24 |
| Fines, Penalties and Forfeits | 1 696 539 | - | 1 696 539 | 947 650 | (748 889) | 48.5 |

| | | | | | | |
|---|-------------------|----------|-------------------|--------------------|--------------------|--|
| Total revenue from non-exchange transactions | 81 843 703 | - | 81 843 703 | 214 682 633 | 132 838 930 | |
|---|-------------------|----------|-------------------|--------------------|--------------------|--|

| | | | | | | |
|----------------------|--------------------|----------|--------------------|--------------------|--------------------|--|
| Total revenue | 199 925 835 | - | 199 925 835 | 335 503 419 | 135 577 584 | |
|----------------------|--------------------|----------|--------------------|--------------------|--------------------|--|

Expenditure

| | | | | | | |
|-------------------------------|--------------|---|--------------|--------------|-------------|------|
| Personnel | (52 744 725) | - | (52 744 725) | (56 146 835) | (3 402 110) | 48.6 |
| Remuneration of councillors | (5 207 277) | - | (5 207 277) | (4 935 893) | 271 384 | |
| Depreciation and amortisation | (18 000 000) | - | (18 000 000) | (17 992 022) | 7 978 | |
| Impairment loss | - | - | - | (1 106 716) | (1 106 716) | 48.7 |
| Finance costs | (173 638) | - | (173 638) | (5 564 097) | (5 390 459) | 48.8 |

| | | | | | | |
|----------------------------------|---|---|---|-----------|-----------|--|
| Lease rentals on operating lease | - | - | - | (601 081) | (601 081) | |
|----------------------------------|---|---|---|-----------|-----------|--|

| | | | | | | |
|-----------------|--------------|--------------|--------------|--------------|------------|------|
| Debt impairment | (39 252 878) | (14 000 000) | (53 252 878) | (32 170 451) | 21 082 427 | 48.9 |
|-----------------|--------------|--------------|--------------|--------------|------------|------|

| | | | | | | |
|-------------------------|---|---|---|-------------|-------------|--|
| Repairs and maintenance | - | - | - | (1 704 575) | (1 704 575) | |
|-------------------------|---|---|---|-------------|-------------|--|

| | | | | | | |
|----------------|--------------|---|--------------|--------------|------------|-------|
| Bulk purchases | (69 145 095) | - | (69 145 095) | (56 551 683) | 12 593 412 | 48.10 |
|----------------|--------------|---|--------------|--------------|------------|-------|

| | | | | | | |
|-------------------------|-------------|---|-------------|-------------|-----------|--|
| Transfers and Subsidies | (3 163 000) | - | (3 163 000) | (3 663 227) | (500 227) | |
|-------------------------|-------------|---|-------------|-------------|-----------|--|

| | | | | | | |
|------------------|--------------|---|--------------|--------------|--------------|-------|
| General Expenses | (25 668 447) | - | (25 668 447) | (39 161 383) | (13 492 936) | 48.11 |
|------------------|--------------|---|--------------|--------------|--------------|-------|

| | | | | | | |
|--------------------------|----------------------|---------------------|----------------------|----------------------|------------------|--|
| Total expenditure | (213 355 060) | (14 000 000) | (227 355 060) | (219 597 963) | 7 757 097 | |
|--------------------------|----------------------|---------------------|----------------------|----------------------|------------------|--|

| | | | | | | |
|--------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--|
| Operating surplus | (13 429 225) | (14 000 000) | (27 429 225) | 115 905 456 | 143 334 681 | |
|--------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--|

| | | | | | | |
|--|---|---|---|--------------|--------------|-------|
| Loss on disposal of assets and liabilities | - | - | - | (13 347 887) | (13 347 887) | 48.25 |
|--|---|---|---|--------------|--------------|-------|

| | | | | | | |
|------------------------|---|---|---|-----------|-----------|-------|
| Fair value adjustments | - | - | - | (435 529) | (435 529) | 48.12 |
|------------------------|---|---|---|-----------|-----------|-------|

| | | | | | | |
|--|---|---|---|--------------|--------------|--|
| | - | - | - | (13 783 416) | (13 783 416) | |
|--|---|---|---|--------------|--------------|--|

| | | | | | | |
|--------------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--|
| Surplus before taxation | (13 429 225) | (14 000 000) | (27 429 225) | 102 122 040 | 129 551 265 | |
|--------------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--|

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|---------------------|---------------------|---------------------|--|---|-----------|
| Figures in Rand | | | | | | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | (13 429 225) | (14 000 000) | (27 429 225) | 102 122 040 | 129 551 265 | |

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|-----------------|-------------|--------------|------------------------------------|--|-----------|
|--|-----------------|-------------|--------------|------------------------------------|--|-----------|

Figures in Rand

Statement of Financial Position

Assets

Current Assets

| | | | | | | |
|--|-------------------|---|-------------------|-------------------|--------------------|-------|
| Inventories | 473 304 | - | 473 304 | 84 079 | (389 225) | 48.13 |
| Receivables from non-exchange transactions | 5 638 838 | - | 5 638 838 | 3 132 286 | (2 506 552) | 48.14 |
| Receivables from exchange transactions | 39 072 459 | - | 39 072 459 | 34 196 659 | (4 875 800) | 48.15 |
| Cash and cash equivalents | 2 422 882 | - | 2 422 882 | 3 108 152 | 685 270 | 48.16 |
| | 47 607 483 | - | 47 607 483 | 40 521 176 | (7 086 307) | |

Non-Current Assets

| | | | | | | |
|-------------------------------|-------------|---|-------------|-------------|--------------|-------|
| Investment property | 48 954 724 | - | 48 954 724 | 38 785 823 | (10 168 901) | 48.26 |
| Property, plant and equipment | 407 736 000 | - | 407 736 000 | 529 070 906 | 121 334 906 | 48.17 |
| Intangible assets | 350 000 | - | 350 000 | 380 372 | 30 372 | |
| Other financial asset | 217 000 | - | 217 000 | 216 815 | (185) | |

| | | | | | | |
|--|--------------------|---|--------------------|--------------------|--------------------|--|
| | 457 257 724 | - | 457 257 724 | 568 453 916 | 111 196 192 | |
|--|--------------------|---|--------------------|--------------------|--------------------|--|

| | | | | | | |
|---------------------|--------------------|---|--------------------|--------------------|--------------------|--|
| Total Assets | 504 865 207 | - | 504 865 207 | 608 975 092 | 104 109 885 | |
|---------------------|--------------------|---|--------------------|--------------------|--------------------|--|

Liabilities

Current Liabilities

| | | | | | | |
|---|-------------------|---|-------------------|--------------------|-------------------|-------|
| Trade and other payables | 29 200 721 | - | 29 200 721 | 99 732 032 | 70 531 311 | 48.18 |
| Consumer deposits | 1 581 944 | - | 1 581 944 | 1 424 463 | (157 481) | |
| Employee benefit obligation | - | - | - | 314 991 | 314 991 | |
| Unspent conditional grants and receipts | 460 871 | - | 460 871 | 6 467 533 | 6 006 662 | 48.19 |
| Provisions | 20 230 393 | - | 20 230 393 | 19 812 806 | (417 587) | |
| Vat Payable | - | - | - | 20 933 326 | 20 933 326 | 48.20 |
| | 51 473 929 | - | 51 473 929 | 148 685 151 | 97 211 222 | |

Non-Current Liabilities

| | | | | | | |
|-----------------------------|-------------------|---|-------------------|-------------------|-------------------|-------|
| Employee benefit obligation | 30 731 352 | - | 30 731 352 | 12 344 734 | (18 386 618) | 48.21 |
| Provisions | - | - | - | 33 863 423 | 33 863 423 | 48.21 |
| | 30 731 352 | - | 30 731 352 | 46 208 157 | 15 476 805 | |

Dipaleseng Local Municipality

(Registration number MP 306)

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|--------------------|-------------|--------------------|--|---|-----------|
| Figures in Rand | | | | | | |
| Total Liabilities | 82 205 281 | - | 82 205 281 | 194 893 308 | 112 688 027 | |
| Net Assets | 422 659 926 | - | 422 659 926 | 414 081 784 | (8 578 142) | |
| Net Assets | | | | | | |
| Net Assets Attributable to Owners of Controlling Entity | | | | | | |
| Reserves | | | | | | |
| Accumulated surplus | 422 659 926 | - | 422 659 926 | 414 081 784 | (8 578 142) | |

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|--------------------|-------------|--------------|--|---|-----------|
|--|--------------------|-------------|--------------|--|---|-----------|

Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

| | | | | | | |
|----------------------------|-------------|---|-------------|-------------|--------------|----------|
| Taxation | 11 084 055 | - | 11 084 055 | - | (11 084 055) | 48.22 |
| Sale of goods and services | 67 089 804 | - | 67 089 804 | 68 550 057 | 1 460 253 | 48.22 |
| Grants | 104 435 000 | - | 104 435 000 | 77 494 826 | (26 940 174) | 48.22 |
| Other receipts | 9 601 776 | - | 9 601 776 | 4 653 846 | (4 947 930) | 48.22(1) |
| | 192 210 635 | - | 192 210 635 | 150 698 729 | (41 511 906) | |

Payments

| | | | | | | |
|----------------|---------------|---|---------------|---------------|-------------|-------|
| Employee costs | (52 745 725) | - | (52 745 725) | (54 931 331) | (2 185 606) | |
| Suppliers | (103 356 465) | - | (103 356 465) | (92 305 136) | 11 051 329 | 48.27 |
| | (156 102 190) | - | (156 102 190) | (147 236 467) | 8 865 723 | |

| | | | | | | |
|---|-------------------|----------|-------------------|------------------|---------------------|--|
| Net cash flows from operating activities | 36 108 445 | - | 36 108 445 | 3 462 262 | (32 646 183) | |
|---|-------------------|----------|-------------------|------------------|---------------------|--|

| | | | | | | |
|--|------------|---|------------|-----------|--------------|--|
| Net increase/(decrease) in cash and cash equivalents | 36 108 445 | - | 36 108 445 | 3 462 262 | (32 646 183) | |
|--|------------|---|------------|-----------|--------------|--|

| | | | | | | |
|---|-------------------|----------|-------------------|------------------|---------------------|--|
| Cash and cash equivalents at the end of the year | 36 108 445 | - | 36 108 445 | 3 462 262 | (32 646 183) | |
|---|-------------------|----------|-------------------|------------------|---------------------|--|

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Appropriation Statement

Figures in Rand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o.Final budget council approved policy) | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|----------------------|---|--------------------------------|---|--|----------------------|-----------------------------|--------------------|---|--|
| 2018 | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | 15 834 364 | - | 15 834 364 | - | | 15 834 364 | | 278 022 | 102% | 102% |
| Service charges | 89 795 891 | - | 89 795 891 | - | | 89 795 891 | | 4 822 280 | 105% | 105% |
| Investment revenue | 23 380 994 | - | 23 380 994 | - | | 23 380 994 | | (2 446 622) | 90% | 90% |
| Transfers | 64 312 800 | - | 64 312 800 | - | | 64 312 800 | | (7 634 800) | 88% | 88% |
| recognised - operational | | | | | | | | | | |
| Other own revenue | 6 601 786 | - | 6 601 786 | - | | 6 601 786 | | (385 893) | 94% | 94% |
| Total revenue (excluding capital grants and subsidies) | 199 925 835 | - | 199 925 835 | - | | 199 925 835 | | (5 367 013) | 97% | 97% |
| Employee costs | (52 744 725) | - | (52 744 725) | - | - | (52 744 725) | | (3 402 110) | 106% | 106% |
| Remuneration of councillors | (5 207 227) | - | (5 207 227) | - | - | (5 207 227) | | 271 334 | 95% | 95% |
| Debt impairment | (39 252 878) | (14 000 000) | (53 252 878) | | | (53 252 878) | | 21 082 427 | 60% | 82% |
| Depreciation and asset impairment | (18 000 000) | - | (18 000 000) | | | (18 000 000) | | (289 205) | 102% | 102% |
| Finance charges | (173 638) | - | (173 638) | - | - | (173 638) | | (5 390 459) | 3 204% | 3 204% |
| Materials and bulk purchases | (75 668 512) | - | (75 668 512) | - | - | (75 668 512) | | 19 116 829 | 75% | 75% |
| Transfers and grants | (3 163 000) | - | (3 163 000) | - | - | (3 163 000) | | (500 227) | 116% | 116% |
| Other expenditure | (19 145 030) | - | (19 145 030) | - | - | (19 145 030) | | (28 682 705) | 250% | 250% |
| Total expenditure | (213 355 010) | (14 000 000) | (227 355 010) | - | - | (227 355 010) | | 2 205 884 | 99% | 106% |
| Surplus/(Deficit) | (13 429 175) | (14 000 000) | (27 429 175) | - | | (27 429 175) | | (3 161 129) | 112% | 228% |

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Figures in Rand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Final budget council approved policy) | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---------------------|---|--------------------------|--|--|--------------------|--------------------------|--------------------|-------------------------------------|--|
| Transfers recognised - capital | - | - | - | - | | 40 069 338 | | 40 069 338 | DIV/0% | DIV/0% |
| Contributions recognised - capital and contributed assets | - | - | - | - | | 95 559 259 | | 95 559 259 | DIV/0% | DIV/0% |
| Surplus (Deficit) after capital grants and subsidies | (13 429 175) | (14 000 000) | (27 429 175) | - | (27 429 175) | 105 038 293 | | 132 467 468 | (383)% | (782)% |
| Surplus/(Deficit) for the year | (13 429 175) | (14 000 000) | (27 429 175) | - | (27 429 175) | 105 038 293 | | 132 467 468 | (383)% | (782)% |
| Capital expenditure and funds sources | | | | | | | | | | |
| Total capital expenditure | 40 122 200 | - | 40 122 200 | - | | 40 122 200 | 25 347 466 | (14 774 734) | 63% | 63% |

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Appropriation Statement

Figures in Rand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Final budget council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|-------------------|---|--------------------------|--|--|----------------|------------------|--------------------------|--------------------|-------------------------------------|--|
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | 59 536 389 | (19 327 950) | 40 208 439 | - | | 40 208 439 | 43 032 044 | | 2 823 605 | 107% | 72% |
| Net cash from (used) investing | (40 122 200) | - | (40 122 200) | - | | (40 122 200) | (40 069 338) | | 52 862 | 100% | 100% |
| Net increase/(decrease) in cash and cash equivalents | 19 414 189 | (19 327 950) | 86 239 | - | | 86 239 | 2 962 706 | | 2 876 467 | 3 435% | 15% |
| Cash and cash equivalents at the beginning of the year | 33 745 607 | (33 600 161) | 145 446 | - | | 145 446 | 145 446 | | - | 100% | - |
| Cash and cash equivalents at year end | 53 159 796 | (52 928 111) | 231 685 | - | | 231 685 | 3 108 152 | | (2 876 467) | 1 342% | 6% |

The accounting policies on pages 17 to 43 and the notes on pages 44 to 71 form an integral part of the annual financial statements.

Dipaleseng Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies for the year ended 30 June 2018

~~1. Presentation of Annual Financial Statements~~

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for writing down stock to the lower of cost or net realisable value is made. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

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Annual Financial Statements for the year ended 30 June 2018

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the impairment testing assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Dipaleseng Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies for the year ended 30 June 2018

~~1.1 Significant judgements and sources of estimation uncertainty (continued)~~

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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Accounting Policies for the year ended 30 June 2018

1.2 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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Accounting Policies for the year ended 30 June 2018

1.3 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|-------------------------------------|---------------------|---------------------|
| Land | Straight line | indefinite |
| Buildings | Straight line | 0-100 years |
| Plant and machinery | Straight line | 5-15 years |
| Furniture and fixtures | Straight line | 3-10 years |
| Motor vehicles | Straight line | 5-12 years |
| Office equipment | Straight line | 3-7 years |
| IT equipment | Straight line | 1-3 years |
| Computer software | Straight line | 1-3 years |
| Infrastructure | Straight line | 0-100 years |
| Community | Straight line | 0-100 years |
| Other property, plant and equipment | Straight line | 5-12 years |
| Specialised vehicles | Straight line | 5-7 years |
| Tools and loose gear | Straight line | 3-5 years |

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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Accounting Policies for the year ended 30 June 2018

~~1.3 Property, plant and equipment (continued)~~

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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Accounting Policies for the year ended 30 June 2018

1.4 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Useful life |
|--------------------------|-------------|
| Computer software, other | 3 years |
| Other intangible assets | indefinite |

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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Accounting Policies for the year ended 30 June 2018

4.5 Financial instruments (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Receivable from Exchange transactions
Receivable from non-xchange transactions
Other financial deposits

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Consumer deposits
Trade and other payables

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost

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4.5 Financial instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

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1.5 Financial instruments (continued)

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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4.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.5 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction and then their costs are their fair value as at the date of acquisition.

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1.7 Inventories (continued)

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

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~~1.8 Construction contracts and receivables (continued)~~

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.9 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

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~~1.9 Impairment of cash-generating assets (continued)~~

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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~~1.9 Impairment of cash-generating assets (continued)~~

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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~~1.9 Impairment of cash-generating assets (continued)~~

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.10 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of a municipality after deducting all of its liabilities.

1.11 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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1.11 Employee benefits (continued)

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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1.11 Employee benefits (continued)

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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1.11 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.12 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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1.12 Provisions and contingencies (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

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1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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~~1.13 Commitments (continued)~~

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

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~~1.14 Revenue from exchange transactions (continued)~~

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsory paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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~~1.15 Revenue from non-exchange transactions (continued)~~

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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~~1.15 Revenue from non-exchange transactions (continued)~~

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.16 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.24 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term, highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts. The Municipality categorises cash and cash equivalents as current assets. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Cash and cash equivalents and bank borrowings are subsequently recorded at face value.

1.25 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.26 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2017/07/01 to 2018/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

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1.27 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.28 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.29 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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2018

2017

2. Cash and cash equivalents

Cash and cash equivalents consist of the following:

| | | |
|---------------|------------------|----------------|
| Cash on hand | 3 108 152 | - |
| Bank balances | - | 145 446 |
| | 3 108 152 | 145 446 |

Credit quality of cash at bank and short term deposits, excluding cash on hand

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---|-------------------------|----------------|-------------------|--------------------|----------------|------------------|
| | 30 June 2018 | 30 June 2017 | 30 June 2016 | 30 June 2018 | 30 June 2017 | 30 June 2016 |
| First National Bank - Cheque Account - 515-908-40208 | 127 940 | 113 673 | 346 830 | 128 630 | 116 540 | 335 602 |
| First National Bank - Current Account - 620-546-55827 | 156 637 | 28 363 | 748 624 | 156 516 | 28 365 | 731 335 |
| First National Bank - Call account - 620-332-39783 | 2 823 575 | 541 | 22 557 623 | 2 823 275 | 541 | 2 255 623 |
| Total | 3 108 152 | 142 577 | 23 653 077 | 3 108 421 | 145 446 | 3 322 560 |

3. Receivables from non-exchange transactions

| | | |
|--------------------------------|------------------|------------------|
| Rates | 36 742 526 | 32 827 299 |
| Fines | 4 706 685 | 3 777 635 |
| Less: Allowance for impairment | (38 316 925) | (34 743 221) |
| | 3 132 286 | 1 861 713 |

Reconciliation of provision for impairment of receivables from non-exchange transactions

| | | |
|--------------------------|---------------------|---------------------|
| Opening balance | (34 743 221) | (35 338 805) |
| Provision for impairment | (3 573 704) | 595 584 |
| | (38 316 925) | (34 743 221) |

As of 30 June 2018, the receivable from non-exchange transactions include the following amounts R 36 742 526 (2017: R 32,827,299.00) and R 4 706 685 (2017: R 3 777 635) were for Property rate and fines respectively.

The receivables from non-exchange transactions were provided for impairment amounting to R 34 127 975 (2017: R 31 610 697) and property rates of R 4 188 950 (2017: R 3 132 524) for fines respectively.

As of 30 June 2018, the net carrying amounts of receivables from non-exchange transactions were for property rates R 2 614 551 (2017: R 1 216 6023) and fines R 517 735 (2017: R 645 110) for fines respectively .

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| Figures in Rand | 2018 | 2017 |
|--|----------------------|----------------------|
| 4. Receivables from exchange transactions | | |
| Gross balances | | |
| Electricity | 24 962 686 | 24 113 955 |
| Water | 64 078 688 | 52 599 178 |
| Sewerage | 69 825 543 | 57 808 407 |
| Refuse | 38 649 180 | 31 919 765 |
| Deposit | 28 815 | 37 124 |
| Other | 122 351 657 | 114 059 394 |
| | 319 896 569 | 280 537 823 |
| Less: Allowance for impairment | | |
| Electricity | (21 668 433) | (20 434 015) |
| Water | (53 339 134) | (51 021 002) |
| Sewerage | (60 676 343) | (56 988 754) |
| Refuse | (33 511 067) | (31 507 454) |
| Deposit | (12 168) | (30 081) |
| Other | (116 492 765) | (111 185 695) |
| | (285 699 910) | (271 167 001) |
| Net balance | | |
| Electricity | 3 294 253 | 3 679 940 |
| Water | 10 739 554 | 1 578 176 |
| Sewerage | 9 149 200 | 819 653 |
| Refuse | 5 138 113 | 412 311 |
| Deposit | 16 647 | 7 043 |
| Other | 5 858 892 | 2 873 699 |
| | 34 196 659 | 9 370 822 |
| Electricity | | |
| Current (0 -30 days) | 1 442 841 | 2 902 231 |
| 31 - 60 days | 1 233 413 | 289 226 |
| 61 - 90 days | 383 294 | 267 688 |
| 91 - 120 days | 234 705 | 220 795 |
| | 3 294 253 | 3 679 940 |
| Water | | |
| Current (0 -30 days) | 2 936 103 | 886 771 |
| 31 - 60 days | 3 245 655 | 273 623 |
| 61 - 90 days | 2 525 631 | 238 555 |
| 91 - 120 days | 2 032 165 | 179 227 |
| | 10 739 554 | 1 578 176 |
| Sewerage | | |
| Current (0 -30 days) | 1 591 531 | 259 393 |
| 31 - 60 days | 2 526 540 | 206 438 |
| 61 - 90 days | 2 562 432 | 182 854 |
| 91 - 120 days | 2 468 697 | 170 968 |

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|-----------------|-----------|---------|
| | | |
| | 9 149 200 | 819 653 |
| | | |
| | | |

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Figures in Rand

| | 2018 | 2017 |
|--|------|------|
|--|------|------|

4. Receivables from exchange transactions (continued)

Refuse

| | | |
|----------------------|------------------|----------------|
| Current (0 -30 days) | 1 365 892 | 126 324 |
| 31 - 60 days | 1 256 985 | 101 591 |
| 61 - 90 days | 1 258 973 | 94 457 |
| 91 - 120 days | 1 256 263 | 89 939 |
| | 5 138 113 | 412 311 |

Housing rental

| | | |
|----------------------|---------------|--------------|
| Current (0 -30 days) | 15 965 | 6 700 |
| 31 - 60 days | 465 | 243 |
| 61 - 90 days | 217 | 100 |
| | 16 647 | 7 043 |

Other (specify)

| | | |
|----------------------|------------------|------------------|
| Current (0 -30 days) | 4 868 368 | 1 629 438 |
| 31 - 60 days | 599 741 | 424 694 |
| 61 - 90 days | 390 783 | 391 295 |
| 91 - 120 days | - | 428 272 |
| | 5 858 892 | 2 873 699 |

Reconciliation of allowance for impairment

| | | |
|----------------------------------|----------------------|----------------------|
| Balance at beginning of the year | (271 167 001) | (261 267 703) |
| Contributions to allowance | (14 532 909) | (9 899 298) |
| | (285 699 910) | (271 167 001) |

Consumer debtors impaired

As of 30 June 2018, receivables from exchange transactions of R 311 567 193 (2017: 281 398 578) were impaired and provided for.

The amount of the provision for debt impairment was R 292 695 421 as of R 30 June 2018 (2017: R 271 167 001).

5. Inventories

| | | |
|-------------------|---------------|---------------|
| Consumable stores | 52 583 | 976 |
| Water | 31 496 | 28 836 |
| | 84 079 | 29 812 |

Inventory pledged as security

There was no inventory pledged as security at year end.

Inventory recognition

Consumable stores at year end are composed of electricity meters and water meters.

Inventory has been valued at cost.

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6. Intangible assets

| | 2018 | | | 2017 | | |
|-------------------|---------------------|---|----------------|---------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 161 673 | (131 375) | 30 298 | 161 673 | (106 730) | 54 943 |
| Servitudes | 350 074 | - | 350 074 | 350 074 | - | 350 074 |
| Total | 511 747 | (131 375) | 380 372 | 511 747 | (106 730) | 405 017 |

Reconciliation of intangible assets - 2018

| | Opening balance | Amortisation | Total |
|-------------------|--------------------|-----------------|----------------|
| Computer software | 54 943 | (24 645) | 30 298 |
| Servitudes | 350 074 | - | 350 074 |
| | 405 017 | (24 645) | 380 372 |

Reconciliation of intangible assets - 2017

| | Opening balance | Additions | Transfers | Amortisation | Total |
|--------------------------|--------------------|--------------|---------------|-----------------|----------------|
| Computer software, other | - | 1 333 | 77 979 | (24 369) | 54 943 |
| Servitudes | 350 074 | - | - | - | 350 074 |
| | 350 074 | 1 333 | 77 979 | (24 369) | 405 017 |

Pledged as security

All intangible assets are held under freehold interests and no intangible assets have been pledged as security for any liabilities of the municipality. These are servitude described as intangible assets that are non-monetary assets without physical substance. These servitudes are aggregated as recorded as in the asset register where control vest with Dipaleseng LM, and are registered on the principle of substance over form, these have been determined for the respective pipe section and conductors, spatially measuring length and appropriate width selected according to the adopted model used to calculate the area of the servitude.

7. Other financial assets

| | | |
|---------------|---------|---------|
| Eskom deposit | 216 815 | 216 815 |
|---------------|---------|---------|

Held as Security

An amount of R 216,815 (2016: R216,815) is held as security by Eskom Holding SOL Limited.

The municipality has not reclassified any financial assets from cost or amortised cost to fair value or from fair value to cost or amortised cost during the current or prior year.

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There were no disposals or gains on the financial assets during the year.

For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.

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8. Investment property

| | 2018 | | | 2017 | | |
|--------------------|---------------------|---|----------------|---------------------|---|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land and buildings | 38 785 823 | - | 38 785 823 | 52 493 011 | - | 52 493 011 |

Reconciliation of investment property - 2018

| | Opening balance | Transfers | Derecognition of investment property | Fair value adjustments | Total |
|--------------------|--------------------|-------------|--|---------------------------|------------|
| Land and buildings | 52 493 011 | (2 521 264) | (10 750 395) | (435 529) | 38 785 823 |

Reconciliation of investment property - 2017

| | Opening balance | Additions through transfer of functions | Impairments | Fair value adjustments | Total |
|--------------------|--------------------|--|-------------|---------------------------|------------|
| Land and buildings | 53 745 775 | (196 655) | (120 430) | (935 679) | 52 493 011 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. However the municipality does not have any property plant and equipment pledged as security for liabilities

Details of valuation

The effective date of the valuations was 30 June 2018. Revaluations were performed by an independent valuer, Zak Van der Merwe, of I@ Consulting. I@ Consulting is not connected to the municipality and has knowledge of the location and category of the investment property being valued.

The valuation was based on open market values for existing use.

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9. Property, plant and equipment

| | 2018 | | | 2017 | | |
|-------------------------------------|----------------------|---|--------------------|---------------------|---|--------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land and buildings | 78 360 212 | (42 845 959) | 35 514 253 | 48 192 028 | (41 813 267) | 6 378 761 |
| Infrastructure | 844 340 953 | (450 870 173) | 393 470 780 | 751 594 610 | (438 809 376) | 312 785 234 |
| Community | 70 535 141 | (39 974 462) | 30 560 679 | 72 788 334 | (40 893 626) | 31 894 708 |
| Other property, plant and equipment | 11 146 083 | (8 300 929) | 2 845 154 | 10 311 757 | (7 745 717) | 2 566 040 |
| Capital work in progress | 66 680 040 | - | 66 680 040 | 58 225 776 | - | 58 225 776 |
| Total | 1 071 062 429 | (541 991 523) | 529 070 906 | 941 112 505 | (529 261 986) | 411 850 519 |

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

| | Opening balance | Additions | Additions through transfer of functions | Derecognition of assets | Transfers received | Transfers | fairvalue adjustment | Depreciation | Impairment loss | Total |
|-------------------------------------|--------------------|-------------------|--|----------------------------|-----------------------|-------------------|-------------------------|---------------------|--------------------|--------------------|
| Land and buildings | 6 378 761 | 89 255 | - | (122 852) | 2 521 264 | 28 465 529 | - | (747 437) | (1 070 267) | 35 514 253 |
| Infrastructure | 312 785 234 | 30 201 432 | - | (945 107) | - | 67 093 730 | (357 015) | (15 286 560) | (20 934) | 393 470 780 |
| Community | 31 894 708 | 125 861 | - | (144 936) | - | - | - | (1 299 441) | (15 513) | 30 560 679 |
| Other property, plant and equipment | 2 566 040 | 913 054 | - | - | - | - | - | (633 940) | - | 2 845 154 |
| Capital work in progress | 58 225 776 | 38 868 224 | (41 026 586) | - | - | - | - | - | - | 66 680 040 |
| | 411 850 519 | 70 197 826 | (41 026 586) | (1 212 895) | 2 521 264 | 95 559 259 | (357 015) | (17 967 378) | (1 106 714) | 529 070 906 |

Reconciliation of property, plant and equipment - 2017

| | Opening balance | Additions | Disposals | Transfers | Derecognition loss | Depreciation | Impairment loss | Total |
|-------------------------------------|--------------------|-------------------|------------------|-----------------|-----------------------|---------------------|--------------------|--------------------|
| Land and buildings | 8 915 927 | 151 494 | - | - | (1 871 495) | (803 386) | (13 779) | 6 378 761 |
| Infrastructure | 288 062 154 | 41 314 287 | - | - | (149 489) | (16 441 718) | - | 312 785 234 |
| Community | 33 308 582 | 45 162 | - | - | (2 906) | (1 353 835) | (102 295) | 31 894 708 |
| Other property, plant and equipment | 3 958 095 | 214 401 | (593 083) | (77 979) | - | (935 394) | - | 2 566 040 |
| Capital work in progress | 43 521 455 | 14 704 321 | - | - | - | - | - | 58 225 776 |
| | 377 766 213 | 56 429 665 | (593 083) | (77 979) | (2 023 890) | (19 534 333) | (116 074) | 411 850 519 |

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9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2018

| | Included within Infrastructure | Included within Community | Total |
|--------------------------------|-----------------------------------|------------------------------|-------------------|
| Opening balance | 21 679 764 | 36 546 011 | 58 225 775 |
| Additions/capital expenditure | 38 868 224 | - | 38 868 224 |
| Transferred to completed items | (41 026 586) | - | (41 026 586) |
| | 19 521 402 | 36 546 011 | 56 067 413 |

Reconciliation of Work-in-Progress 2017

| | Included within Infrastructure | Included within Community | Total |
|--------------------------------|-----------------------------------|------------------------------|-------------------|
| Opening balance | 13 168 539 | 30 352 916 | 43 521 455 |
| Additions/capital expenditure | 30 089 209 | 6 193 095 | 36 282 304 |
| Transferred to completed items | (21 577 984) | - | (21 577 984) |
| | 21 679 764 | 36 546 011 | 58 225 775 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

See note 33 for details on impairment of assets.

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10. Trade and other payables

| | | |
|-------------------|-------------------|-------------------|
| Trade payables | 91 970 081 | 74 895 269 |
| Accrued leave pay | 6 714 194 | 6 162 577 |
| Accrued bonus | 976 298 | 869 077 |
| Accruals | 71 474 | - |
| | 99 732 047 | 81 926 923 |

11. Vat payable

| | | |
|-------------|------------|------------|
| Vat payable | 20 933 326 | 17 602 819 |
|-------------|------------|------------|

The Municipality is registered on the cash basis in terms of the Value Added Tax Act

12. Consumer deposits

| | | |
|----------------------------|-----------|-----------|
| Deposits held on consumers | 1 424 463 | 1 457 055 |
|----------------------------|-----------|-----------|

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | |
|--|------------------|----------------|
| Municipal Infrastructure Grant | 6 006 662 | - |
| Gert Sibande District Municipality Grant | 460 871 | 460 871 |
| | 6 467 533 | 460 871 |

See note 20 for the reconciliation of grants from National/Provincial Government.

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14. Provisions

Reconciliation of provisions - 2018

| | Opening Balance | Additions | Total |
|-----------------------------------|--------------------|------------------|-------------------|
| Provision for Landfill site | 29 934 493 | 2 078 814 | 32 013 307 |
| Provision for Long Service Awards | 1 873 654 | 145 657 | 2 019 311 |
| Other provision DWA and ESKOM | 19 643 611 | - | 19 643 611 |
| | 51 451 758 | 2 224 471 | 53 676 229 |

Reconciliation of provisions - 2017

| | Opening Balance | Prior year corrections | Change in discount factor | Total |
|-----------------------------------|--------------------|---------------------------|------------------------------|-------------------|
| Provision for Landfill site | 17 202 184 | - | 12 732 309 | 29 934 493 |
| Provision for Long Service Awards | 1 828 703 | - | 44 951 | 1 873 654 |
| Department of Water Affairs | 20 318 092 | (674 481) | - | 19 643 611 |
| | 39 348 979 | (674 481) | 12 777 260 | 51 451 758 |
| Non-current liabilities | | | 33 863 423 | 31 516 628 |
| Current liabilities | | | 19 812 806 | 19 935 130 |
| | | | 53 676 229 | 51 451 758 |

Provision for Long Service awards

The IAS19/GRAP25 Statement sets out the recognition, measurement and disclosure requirements in accounting for "defined benefit" plans. The Statement requires further that actuarial gains and losses and past service cost are to be recognised immediately for long-service employee benefits.

The actuarial valuation was performed by ARCH Consulting.

Provision for Landfill site

Grap 19 statement requires the recognition of a present obligation by an entity arising from past events, the settlement of which is expected to result in an outflow from the Municipality of resources embodying economic benefits (paragraph .16 of GRAP 19). The operation of a landfill results in an obligation to rehabilitate the landfill and prevent any further pollution after closure thereof in terms of section 28 of the National Environmental Management Act, Act 107 of 1998, sections 3(14) – (16) and 4 (10) of Government Notice 718 of 3 July 2009, and the landfill permits issued under section 20 of the Environment Conservation Act, Act 73 of 1989, or the waste management licenses issued under section 50 of the National Environmental Management: Waste Act, Act 59 of 2008.

The Landfill site valuation was performed by Environmental and Sustainability Solution CC.

Department of Water Affairs

The municipality is not in agreement with the rate per cubic meter charged by the Department of Water Affairs for extraction of raw water. As at the June 2018 the municipality disputed the amount of R 19 643 611 from the department of Water affairs in respect of amount alleged to be owed by the Municipality to this entity, this amount has escalated to R71 001 263.75 as at 30 June 2018

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15. Employee benefit obligations

Defined benefit plan

The plan is a post-employment medical benefit plan.

Post-retirement medical aid plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. IAS19/GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: IAS 19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant and as prescribed in GRAP 25, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 9.00% per annum has been used. This rate was deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2015. This rate does not reflect any adjustment for taxation.

Health Care Cost Inflation Rate: This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 8.5% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 7%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 0.82% which derives from $((1+9.47\%)/(1+8.5\%))-1$.

The next contribution increase was assumed to occur with effect from 1 January 2017.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

The amounts recognised in the statement of financial position are as follows:

Carrying value

| | | |
|---|--------------|--------------|
| Present value of the defined benefit obligation-wholly unfunded | (12 659 725) | (11 513 999) |
| Non-current liabilities | (12 344 734) | (11 218 706) |
| Current liabilities | (314 991) | (295 293) |
| | (12 659 725) | (11 513 999) |

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The fair value of the defined contribution liability includes:

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15. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

| | | |
|--------------------------|------------------|------------------|
| Current service cost | 945 773 | 1 082 710 |
| Interest cost | 1 261 952 | 1 288 801 |
| Actuarial (gains) losses | (329 530) | (2 513 026) |
| Curtailment | (586 812) | (486 306) |
| | 1 291 383 | (627 821) |

Assumptions used at the reporting date:

| | | |
|------------------------------|-----|-----|
| Actual return on plan assets | 10% | 10% |
|------------------------------|-----|-----|

Discount Rate: IAS 19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant and as prescribed in GRAP 25, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 9.81% per annum has been used. This rate was deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2018. This rate does not reflect any adjustment for taxation.

Health Care Cost Inflation Rate: This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 8.07% has been assumed. This is 1.5% in excess of the expected CPI inflation over the expected term of the liability, namely 6.57%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1.61% which derives from $((1+9.81\%)/(1+8.07\%))-1$.

The expected inflation assumption of 6.57% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (2.57%) and those of fixed interest bonds (9.81%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+9.81\%-0.50\%)/1+2.57\%)-1$

The next contribution increase was assumed to occur with effect from 1 January 2018.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 75% was assumed.

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16. Service charges

| | | |
|---------------------------------|-------------------|-------------------|
| Sale of electricity | 52 682 899 | 47 916 141 |
| Sale of water | 19 005 858 | 16 145 666 |
| Sewerage and sanitation charges | 16 603 582 | 15 233 976 |
| Refuse removal | 6 325 832 | 5 819 471 |
| | 94 618 171 | 85 115 254 |

17. Other income

| | | |
|----------------------------|------------------|----------------|
| Advertising businesses | 426 | 734 |
| Burial fees | 140 158 | 129 175 |
| Certificates of compliance | 18 621 | 6 204 |
| Clearance certificates | 1 201 534 | 221 876 |
| Escorting vehicles | 15 040 | 7 119 |
| Fines: Library | 12 621 | 12 149 |
| Penalties | 10 174 | 23 296 |
| Reconnection fees | 128 725 | 17 690 |
| Refuse bins | 1 785 | 2 210 |
| Tender documents | 11 798 | 32 500 |
| Town establishment | 1 542 904 | 147 498 |
| Trade licence fees | - | 32 017 |
| Valuation certificate | 1 482 | 464 |
| | 3 085 268 | 632 932 |

18. Interest revenue

Interest revenue

| | | |
|---|-------------------|-------------------|
| Bank | 486 952 | 648 697 |
| Interest charged on financial instruments | 20 447 420 | 18 457 404 |
| | 20 934 372 | 19 106 101 |

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19. Property rates

Rates received

| | | |
|----------------|------------|------------|
| Property rates | 16 112 386 | 13 724 228 |
|----------------|------------|------------|

Valuations

| | | |
|--------------------------|----------------------|----------------------|
| Residential | 897 328 100 | 897 328 100 |
| Commercial | 175 863 070 | 175 863 070 |
| State | 134 933 100 | 134 933 100 |
| Municipal | 91 060 799 | 91 060 799 |
| Small holdings and farms | 1 451 235 000 | 1 451 235 000 |
| Religious places | 20 523 000 | 20 523 000 |
| | 2 770 943 069 | 2 770 943 069 |

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2014.

A general rate of 0.007295 (2017: 0.006843) is applied to property valuations to determine assessment rates. Rebates of R15 000 (2017: R15 000) are granted to residential and state property owners.

20. Government grants and subsidies

Operating grants

| | | |
|-------------------------------------|------------|------------|
| Equitable Share | 58 388 000 | 54 340 262 |
| Financial Management Grant | 1 900 000 | 1 825 000 |
| Expanded Public Works Program Grant | 1 706 000 | 1 510 000 |
| | 61 994 000 | 57 675 262 |

Capital grants

| | | |
|--|--------------------|-------------------|
| Conditional conditional grants recognised as revenue | 23 069 338 | 37 846 869 |
| Integrated National Electrification Programme | 17 000 000 | - |
| | 40 069 338 | 37 846 869 |
| | 102 063 338 | 95 522 131 |

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant

| | | |
|---|------------------|--------------|
| Balance unspent at beginning of year | - | 13 580 262 |
| Current-year receipts | 29 076 000 | 24 159 000 |
| Conditions met - transferred to revenue | (23 069 338) | (24 159 000) |
| Other | - | (13 580 262) |
| | 6 006 662 | - |

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Conditions still to be met - balance remains liabilities (see note 13).

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of the community. Other than the unspent and withheld amounts as disclosed, the conditions of the grant were met.

Department of Human Settlements Grant

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|-----------------|------|------|
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20. Government grants and subsidies (continued)

Integrated National Electrification Programme

| | | |
|---|--------------|--------------|
| Balance unspent at beginning of year | - | 6 687 869 |
| Current-year receipts | 17 000 000 | 7 000 000 |
| Conditions met - transferred to revenue | (17 000 000) | (13 687 869) |
| | - | - |

Conditions still to be met - amount remains liabilities (see note 13).

This grant will be used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were not met and the funds have been disclosed as unspent conditional grants.

Financial Management Grant

| | | |
|---|-------------|-------------|
| Current-year receipts | 1 900 000 | 1 825 000 |
| Conditions met - transferred to revenue | (1 900 000) | (1 825 000) |
| | - | - |

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met and no funds have been withheld.

Municipal System Improvement Grant

This grant was used to build in-house capacity to perform their functions and stabilise institutional and governance systems. The conditions of the grant were met and no funds have been withheld.

Expanded Public Works Program Grant

| | | |
|---|-------------|-------------|
| Current-year receipts | 1 706 000 | 1 510 000 |
| Conditions met - transferred to revenue | (1 706 000) | (1 510 000) |
| | - | - |

The Expanded Public Works Program is a special performance-based incentive provided to provinces and municipalities that contribute to the employment creation efforts of the expanded public works program through the employment of previously unemployed people. The conditions of the grant were met and no funds have been withheld.

Gert Sibande District Municipality Grant

| | | |
|--------------------------------------|---------|---------|
| Balance unspent at beginning of year | 460 871 | 460 871 |
|--------------------------------------|---------|---------|

Balance remains liabilities and will be paid back to Gert Sibande District Municipality. (see note 13).

This grant was used to pay employees leave encashment. Other than the unspent amount as disclosed, the conditions of the grant were met.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

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|-----------------|------|------|

21. Revenue

| | | |
|------------------------------------|--------------------|--------------------|
| Service charges | 94 618 171 | 85 115 254 |
| Rental of facilities and equipment | 219 184 | 213 377 |
| Licences and permits | 1 963 791 | 1 634 693 |
| Other income | 3 085 268 | 632 932 |
| Interest revenue | 20 934 372 | 19 106 101 |
| Property rates | 16 112 386 | 13 724 228 |
| Government grants & subsidies | 102 063 338 | 95 522 131 |
| Public contributions and donations | 95 559 259 | - |
| Fines, Penalties and Forfeits | 947 650 | 228 000 |
| | 335 503 419 | 216 176 716 |

The amount included in revenue arising from exchanges of goods or services are as follows:

| | | |
|------------------------------------|--------------------|--------------------|
| Service charges | 94 618 171 | 85 115 254 |
| Rental of facilities and equipment | 219 184 | 213 377 |
| Licences and permits | 1 963 791 | 1 634 693 |
| Other income | 3 085 268 | 632 932 |
| Interest revenue | 20 934 372 | 19 106 101 |
| | 120 820 786 | 106 702 357 |

The amount included in revenue arising from non-exchange transactions is as follows:

| | | |
|------------------------------------|--------------------|--------------------|
| Taxation revenue | | |
| Property rates | 16 112 386 | 13 724 228 |
| Transfer revenue | | |
| Government grants & subsidies | 102 063 338 | 95 522 131 |
| Public contributions and donations | 95 559 259 | - |
| Fines, Penalties and Forfeits | 947 650 | 228 000 |
| | 214 682 633 | 109 474 359 |

22. Public contributions and donations

| | | |
|--------------------------------------|------------|---|
| Public contributions and donations 1 | 95 559 259 | - |
|--------------------------------------|------------|---|

The municipality received a donation worth R 93 927 682 in kind in respect bulk water supply

23. Other revenue

| | | |
|--------------|-----------|---------|
| Other income | 3 085 268 | 632 932 |
|--------------|-----------|---------|

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|-----------------|------|------|
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|-----------------|------|------|

24. Employee related costs

| | | |
|--|-------------------|-------------------|
| Acting allowances | 1 195 779 | 1 363 163 |
| Basic salaries and wages | 33 985 465 | 26 623 511 |
| Bonus | 2 194 462 | 2 121 847 |
| Cellphone allowance | 800 431 | 695 029 |
| Group insurance | 519 491 | 81 467 |
| Housing benefits and allowances | 426 818 | 431 914 |
| Industrial council levy | 17 657 | 15 959 |
| Leave pay | 1 110 457 | (10 850) |
| Long-service awards | 356 045 | 158 699 |
| Medical aid - company contributions | 1 987 159 | 2 327 668 |
| Overtime payments | 2 883 298 | 2 875 742 |
| Post-employment benefits - Pension - Defined contribution plan | 5 528 153 | 5 611 626 |
| SDL | 389 209 | 358 504 |
| Standby allowances | 225 759 | 207 594 |
| Transport allowances | 1 013 884 | 1 002 883 |
| UIF | 297 046 | 292 008 |
| | 52 931 113 | 44 156 764 |

Remuneration of municipal manager

| | | |
|---------------------|---------|-----------|
| Annual Remuneration | 393 368 | 2 009 049 |
|---------------------|---------|-----------|

~~During the year, the Accounting Officers were the Municipal Manager, and at reporting date MS TC Mamejja~~

Remuneration of chief finance officer

| | | |
|---------------------|----------------|----------------|
| Annual Remuneration | 800 858 | 896 773 |
| Car Allowance | 60 000 | 72 000 |
| leave paid out | 104 004 | - |
| | 964 862 | 968 773 |

~~During the year, Mrs. A.M. Ngema was the Chief Financial Officer.~~

Remuneration of corporate services director

| | | |
|---------------------|----------------|----------------|
| Annual Remuneration | 126 141 | 711 550 |
| Car Allowance | - | 110 000 |
| | 126 141 | 821 550 |

~~During the year, Mr T Mokoena was the Director: Corporate Services already included in the amount above of R52 744 996~~

Remuneration of community services director

| | | |
|---------------------|----------------|----------------|
| Annual Remuneration | 837 387 | 853 918 |
| Car Allowance | 38 500 | 42 000 |
| | 875 887 | 895 918 |

~~During the year, Mr. I.V. Madonsetla was the Director Community Service.~~

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|-----------------|------|------|
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|-----------------|------|------|

24. Employee related costs (continued)

Remuneration of technical services director

| | | |
|---------------------|---------|--------|
| Annual Remuneration | 870 105 | 50 475 |
|---------------------|---------|--------|

~~During the year, Mr. L Msibi was the Director Technical Services already included in the amount above of R52 744 996~~

Remuneration of planning and development director

| | | |
|---------------------|----------------|----------------|
| Annual Remuneration | 886 216 | 825 572 |
| Car Allowance | 73 584 | 73 585 |
| leave paid out | 21 805 | - |
| | 981 605 | 899 157 |

During the year, Ms. L.P. Makaya was the Director :Planning and Development.

25. Remuneration of councillors

| | | |
|---------------------------|------------------|------------------|
| Executive Mayor | 781 059 | 732 884 |
| Speaker | 701 773 | 589 011 |
| Chief Whip | 332 354 | 241 056 |
| Mayoral Committee Members | 1 191 403 | 1 117 800 |
| Councillors | 1 866 304 | 2 423 071 |
| Ward committees | 63 000 | - |
| | 4 935 893 | 5 103 822 |

In-kind benefits

The Executive Mayor, Speaker and the two Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has the use of a separate Council owned vehicle for official duties.

~~The Council, from July 2017 is paying for full-time bodyguards for the Executive Mayor.~~

The salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

26. Depreciation and amortisation

| | | |
|-------------------------------|------------|------------|
| Property, plant and equipment | 17 992 022 | 19 558 704 |
|-------------------------------|------------|------------|

27. Finance costs

| | | |
|---------------|-----------|-----------|
| Interest paid | 5 564 097 | 1 910 179 |
|---------------|-----------|-----------|

28. Debt impairment

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|---|-------------------|-------------------|
| <hr/> | | |
| 24. Employee related costs (continued) | | |
| Contributions from receivables (exchange and non-transactions) | 18 106 612 | 9 852 609 |
| Bad debts written off | 14 063 839 | 26 236 729 |
| | 32 170 451 | 36 089 338 |
| <hr/> | | |
| <hr/> | | |

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|--|-------------------|-------------------|
| 29. Bulk purchases | | |
| Electricity | 50 809 424 | 51 253 551 |
| Water | 5 742 259 | 1 026 161 |
| | 56 551 683 | 52 279 712 |
| Bulk purchase of water is water supplied by Eskom on behalf of the Municipality to Grootvlei (ward 5) residents. | | |
| 30. Transfers and subsidies paid | | |
| Other subsidies | | |
| Free basic services | 3 663 227 | 3 384 303 |
| 31. General expenses | | |
| Advertising | 1 045 395 | 496 481 |
| Audit fees | 4 805 332 | 2 919 862 |
| Bank charges | 494 738 | 832 436 |
| Cleaning | 77 450 | 43 566 |
| Consulting and professional fees | 6 093 451 | 4 373 864 |
| Insurance | 1 145 424 | 1 021 220 |
| IT expenses | 281 929 | 526 698 |
| Licence fees | 1 712 815 | 1 909 891 |
| Medical expenses | - | 55 800 |
| Motor vehicle expenses | 3 492 307 | 5 703 899 |
| Protective clothing | 53 714 | 345 909 |
| Security costs | 10 191 581 | 5 438 360 |
| Staff welfare | 19 600 | 4 725 |
| Subscription and membership fees | 480 888 | 592 614 |
| Telephone costs | 598 519 | 649 121 |
| Training | 627 163 | 512 058 |
| Travelling & Subsistences | 1 965 218 | 1 917 175 |
| Township establishment | 15 871 | 6 325 |
| Other expenditure | 6 059 988 | 8 922 073 |
| | 39 161 383 | 36 272 077 |
| 32. Fair value adjustments | | |
| Investment property (Fair value model) | (435 529) | (935 679) |
| 33. Impairment loss | | |
| Impairments | | |
| Property, plant and equipment | 1 106 716 | 116 074 |

i) During the year, various items of immovable assets were assessed and impaired by R 2 324 623 due the damages and some of them were no longer in use

34. Auditors' remuneration

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|-----------------|-----------|-----------|
| Fees | 4 805 332 | 2 919 862 |

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|---|-------------------|-------------------|
| 35. Cash generated from operations | | |
| Surplus | 102 122 040 | 1 302 014 |
| Adjustments for: | | |
| Depreciation and amortisation | 17 992 022 | 19 558 704 |
| Derecognition of assets | 13 347 887 | 2 110 329 |
| Fair value adjustments | 435 529 | 935 679 |
| Impairment deficit | 1 106 716 | 116 074 |
| Debt impairment | 32 170 451 | 36 089 338 |
| Movements in retirement benefit assets and liabilities | 1 145 726 | (672 772) |
| Movements in provisions | 6 212 408 | 12 102 780 |
| Changes in working capital: | | |
| Inventories | (54 267) | 246 171 |
| Receivables from exchange transactions | (56 996 288) | (33 661 745) |
| Receivables from non-exchange transactions | (1 270 573) | (472 855) |
| Donations | (95 558 836) | - |
| Trade and other payables | 17 805 107 | 11 652 242 |
| Unspent conditional grants and receipts | 6 006 662 | (20 351 456) |
| Consumer deposits | (32 592) | (62 531) |
| Vat Payable | 3 330 507 | 3 236 186 |
| 36. Commitments | | |
| Authorised capital and operating expenditure | | |
| Already contracted for but not provided for | | |
| • Property, plant and equipment | 29 930 412 | 20 313 356 |
| • Other financial assets | 15 540 208 | 12 429 311 |
| | 45 470 620 | 32 742 667 |
| Total capital commitments | | |
| Already contracted for but not provided for | 45 470 620 | 32 742 667 |
| This committed expenditure relates to property and will be financed by available bank facilities, grants, retained surpluses, existing cash resources, funds internally generated, etc. | | |
| Operating leases - as lessee (expense) | | |
| Minimum lease payments due | | |
| - within one year | 302 928 | 261 480 |
| - in second to fifth year inclusive | 311 409 | 124 980 |
| | 614 337 | 386 460 |
| Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable. | | |
| Operating leases - as lessor (income) | | |
| Minimum lease payments due | | |
| - within one year | 220 881 | 164 563 |

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2017

The Municipality has no long term contracts with their lessees. All contracts are on a month to month basis.

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|-----------------|------|------|
|-----------------|------|------|

37. Contingent liabilities

(i) Agri operations is suing the municipality for electricity which is unrelated to the volume of consumption. The amount being claimed is R 1,884,046.

ii) As at the 30th of June 2017 The municipality disputed an amount of R 19 668 331 from the Department of water of affairs and sanitation in respect of the amount alleged to be owed by the Municipality, the amount has now escalated to R71 001 264 as at 30 June 2018

The total amount of contingent liabilities as at 30 June 2018 amount to R 72 885 310

38. Related parties

Related party transactions

Administration fees paid to (received from) related parties

| | | |
|---|-----------|-----------|
| Department of Security Safety and Liaison | 1 963 791 | 1 634 693 |
|---|-----------|-----------|

Administration fees paid to (received from) related parties

| | | |
|---|-----------|---------|
| Department of Security Safety and Liaison | 5 501 419 | 174 413 |
|---|-----------|---------|

Other 2

| | | |
|---------|---|-------|
| AVIDATA | - | 4 597 |
|---------|---|-------|

Dipaleseng Local Municipality entered into transactions with the Department of Community Safety, Security and Liaison through the licensing operations run throughout the financial year where the municipality earns a commission of 20 % and payment over 80 % to the department

39. Prior period errors

- Property, Plant and Equipment with a carrying value of R 2 338 309 was restated in the current financial year, accounting for assets that are duplicated or not on site
- Other PPE: assets to the value of R535 506 with an accumulated depreciation of R2 730.78 was previously omitted
- Consumer debtors to the amount of R860755 were corrected due to error in billing in the previous year

Statement of financial position

| | | |
|--|---|-------------|
| Property, plant and equipment: Infrastructure Assets | - | (2 338 309) |
| Consumer debtors | - | (860 755) |
| Other PPE | - | 532 775 |

40. Comparative figures

Certain comparative figures have been restated due prior year errors identified .

41. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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2017

The capital structure of the municipality consists of grants, which includes the unspent conditional grants disclosed in note 13, and cash and cash equivalents in note 2, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the municipality monitors capital on the basis of the debt: equity ratio.

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41. Risk management (continued)

This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

The municipality's strategy is to maintain a debt: equity ratio of between 2 to 1

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Municipality treasury identifies, evaluates financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

42. Going concern

The Financial Statement have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. This is strengthened by the fact that the Municipality in terms of the legislation has the power to levy rates which guarantees continued generation of revenue, the municipality is implementing various initiative to improve the current situation

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to explore funding for the ongoing operations for the municipality by developing a financial recovery plan which involves wide range of activities to restore the solvency of the municipality.

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41. Risk management (continued)

43. Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to 30 June 2018.

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44. Unauthorised expenditure

| | | |
|--|--------------------|--------------------|
| Opening balance | 170 443 720 | 137 028 530 |
| Movement during the year | 32 308 590 | 33 415 190 |
| Unauthorised expenditure awaiting authorisation | 202 752 310 | 170 443 720 |

45. Fruitless and wasteful expenditure

| | | |
|--|------------------|------------------|
| Opening balance | 6 324 569 | 4 414 389 |
| movement for the year | 3 550 192 | 1 910 180 |
| Fruitless and wasteful expenditure awaiting condonement | 9 874 761 | 6 324 569 |

The fruitless and wasteful expenditure for R 3 550 192 (2017: R 1 910 180) relates to interest charged on late payments

46. Irregular expenditure

| | | |
|---|--------------------|-------------------|
| Opening balance | 94 057 115 | 56 621 279 |
| Add: Irregular Expenditure - current year | 23 728 665 | 37 435 836 |
| Irregular expenditure awaiting condonement | 117 785 780 | 94 057 115 |

The amount of 2018: R 23 728 665 (2017: R 37 435 836) relates to irregular expenditure – current year.

The above irregular expenditure is currently being investigated by the Municipal Public Accounts Committee who will provide recommendations for recoverability and any disciplinary steps that will be taken. As at 30 June 2018 they were not yet completed with their processes.

The detailed list of current year irregular expenditure is shown below:

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46. Irregular expenditure (continued)

Details of current year irregular expenditure

| | Disciplinary steps taken/criminal proceedings |
|----------------------------------|---|
| Mabotwane Security | 5 971 802 |
| Vumakonke transport and projects | 2 197 988 |
| Nomdric electrical and projects | 5 092 123 |
| Lima liqhame investments | 2 089 839 |
| Pitsand security | 733 950 |
| Maximum property | 722 683 |
| Wax engineering | 446 540 |
| Conlog (pTY) Ltd | 260 539 |
| Ransford mbewe | 200 000 |
| Crane connection | 161 086 |
| Redmar works | 132 267 |
| McCarthy Commercial vehicles | 114 629 |
| Babcock africa | 109 669 |
| Nashua highveld | 98 089 |
| Djita Consilgiere | 97 750 |
| Siyavuka plant hire | 94 500 |
| Tokologo Technical Services | 63 147 |
| Jenec Construction | 51 622 |
| Fixem panel beaters | 43 397 |
| Mbatane services | 42 800 |
| Maxi DC Winders | 37 613 |
| Lirina Guesthouse | 36 750 |
| Welgelen Manor | 33 600 |
| Kemase Construction | 33 154 |
| Diamond star projects | 29 585 |
| Elster solutions | 29 355 |
| Ponego IT Group | 27 020 |
| Libembe projects | 24 500 |
| Basadzi adversing | 23 212 |
| Truvelo Manufacturing | 21 040 |
| Guptha empire | 17 559 |
| Ukukhanya kwenhuthuko | 17 508 |
| Leka teke malope | 12 888 |
| Workshop eletronics | 12 382 |
| KPMM | 12 285 |
| Main reef tyres | 11 300 |
| The merchant lake umuzi | 10 680 |
| Trekland | 8 675 |
| Aon | 4 894 |
| D&A Auto electrical | 2 650 |
| information technoligies network | 57 388 |
| MTK3 Trading and projects | 134 852 |
| Sakhisizwe developmemnt planners | 172 000 |
| prompt services | 4 950 |
| Nissan heidelberg | 35 000 |
| Bri-Shel Manor | 2 895 |
| AgriMech SA | 15 945 |
| McCarthy Commercials | 46 124 |
| Protea Hotel | 4 912 |
| Welgelen Manor | 2 456 |

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46. Irregular expenditure (continued)

| | |
|------------------------|--------|
| Heraut publishers | 2 352 |
| Mashimbane Security | 87 750 |
| GM Mashaba Electronics | 10 276 |
| Heraut publishers | 5 600 |
| Supplycor | 6 255 |

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46. Irregular expenditure (continued)

| | |
|------------------------|-------------------|
| Mashimbane Security | 131 625 |
| Fixem Panel beaters | 9 250 |
| Gani Auto | 6 571 |
| Mashimbane Security | 132 000 |
| Onza Construction | 4 875 |
| Onza Construction | 11 680 |
| Babcock services | 98 987 |
| Nic Botari | 5 964 |
| Siyavuka plant hire | 7 500 |
| Heidelberg Nissan | 20 276 |
| Heidelberg Nissan | 58 994 |
| Heidelberg Nissan | 12 246 |
| Main reef tyres | 8 421 |
| DJ Motors | 6 602 |
| Fixem panelbeaters | 7 250 |
| Fixem panelbeaters | 7 250 |
| Fixem banelbeaters | 4 560 |
| AgriMech SA | 31 598 |
| Superior Autolec | 2 974 |
| Malpro Trading | 9 645 |
| Nkuyahae Holdings | 4 000 |
| Bombai Electrical | 16 680 |
| Bombai Electrical | 12 880 |
| Diamond Star projects | 3 900 |
| Workshop electronics | 10 930 |
| Multi tyres | 2 217 |
| Main reef tyres | 3 500 |
| Main reef tyres | 18 772 |
| Nissan heidelberg | 50 294 |
| Siyavuka plan hire | 8 100 |
| Pen travel | 3 704 |
| Prompt services | 2 495 |
| heraut publishers | 4 664 |
| Mashimbane security | 47 544 |
| African Sky Hotel | 2 039 |
| Uzithathephi transport | 2 500 |
| Mashimbane Security | 482 456 |
| Mashimbane Security | 2 631 579 |
| Balfour tractor | 101 287 |
| Wax engineering | 29 378 |
| | 23 737 012 |

Details of current year supply chain deviations

| | | |
|---|--|--------------|
| Department of Safety Security and Liaison | Only one service provider for face documents | 4 691 |
| Department of Safety Security and Liaison | Only one service provider for face documents | 4 691 |
| | | 9 382 |

The above supply chain deviations have been reported to council.

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47. Additional disclosure in terms of Municipal Finance Management Act

Material distribution losses

| | | |
|-------------------------------|------------------|-------------------|
| Electricity Distribution loss | 1 905 204 | 12 534 655 |
| Water Distribution loss | 7 807 012 | 4 812 713 |
| | 9 712 216 | 17 347 368 |

Electricity distribution losses for the current year were **3.61% amounting to R 1 905 204 (2017: 22.3% amounting to R 12 389 571)**. These electricity distribution losses comprise of technical and non-technical losses. Technical losses, being losses within the network which are inherent in any network and non-technical losses being theft, faults etc. Attempts are currently being made to reduce these non-technical losses.

Water distribution losses comprises of non-billed water, and for the current year were **74%, amounting to R 7 807 012 (2017: 66% amounting to R 4 812 713)**. These water distribution losses cannot be accounted for mainly due to theft, faulty pipes, spillages etc. This problem is currently being addressed by installing additional meters and a data cleansing process will be initiated to address the losses.

See note 29 for the total electricity bulk purchases for the year. For water, the Municipality purifies its own water except for the water supplied by Eskom to Grootvlei (ward 5) residents.

Contributions to organised local government

| | | |
|---------------------------------|--------------|-----------|
| Current year subscription / fee | 480 888 | 531 080 |
| Amount paid - current year | (476 028) | (531 080) |
| | 4 860 | - |

Audit fees

| | | |
|---------------------------------|------------------|-------------|
| Opening balance | - | 464 847 |
| Current year subscription / fee | 5 543 590 | 2 919 862 |
| Amount paid - current year | (2 545 200) | (3 384 709) |
| | 2 998 390 | - |

Pension and Medical Aid Deductions

| | | |
|---------------------------------|------------------|------------------|
| Opening balance | 1 090 460 | - |
| Current year subscription / fee | 7 734 148 | 7 939 294 |
| Amount paid - current year | (5 028 628) | (6 848 834) |
| | 3 795 980 | 1 090 460 |

PAYE and UIF

| | | |
|---------------------------------|------------------|----------------|
| Opening balance | 543 731 | 624 530 |
| Current year subscription / fee | 7 885 682 | 7 141 616 |
| Amount paid - current year | (5 028 629) | (7 222 415) |
| | 3 400 784 | 543 731 |

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47. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

| | | |
|-------------|------------|------------|
| VAT payable | 20 933 326 | 17 602 819 |
|-------------|------------|------------|

VAT output payable is shown in note 11.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

| 30 June 2018 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|-----------------|-------------------------------------|-------------------------------------|----------------|
| Cllr WS Davel | 1 383 | - | 1 383 |
| Cllr MF Dlamini | 828 | - | 828 |
| Cllr PM Mokoena | 2 531 | 20 751 | 23 282 |
| Cllr Nyamade AK | 2 815 | 106 928 | 109 743 |
| Cllr KB Nkosi | 1 285 | - | 1 285 |
| | 8 842 | 127 679 | 136 521 |

| 30 June 2017 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|----------------------|-------------------------------------|-------------------------------------|----------------|
| Cllr MF Dlamini | 703 | 162 | 865 |
| Cllr PM & TE Mokoena | 5 394 | 16 767 | 22 161 |
| Cllr AK Nyamade | 7 693 | 90 531 | 98 224 |
| Cllr Z&H Nkosi | 2 490 | 1 586 | 4 076 |
| Cllr SME Nhlapho | 478 | - | 478 |
| | 16 758 | 109 046 | 125 804 |

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

48. Budget differences

Material differences between budget and actual amounts

Variance of 10% or more is considered to be material.

The following were material differences between the final budget and the actual amounts.

- 48.1 Increased in consumption of services and also tariff hikes
- 48.2 Licencing department operated part of the year
- 48.3 Improved implementation of credit control policy
- 48.4 Increased due to improved spending on grants allocated that have met their condition
- 48.5 Licencing operated part of the year
- 48.6 Due to increase in filled permanent position from lower level and employee benefit provision
- 48.7 Increased due to aging infrastructure
- 48.8 due to late payment of service providers i.e Eskom and telkom
- 48.9 Write off only limited to registered indigents
- 48.10 Efficient management of electricity
- 48.11 increased due to high inflation and increased demand of service delivery materials and stocks i.e fuel, maintenance equipment etc
- 48.12 Fair value adjustment
- 48.13 Improved revenue collection drive by installation of electricity meters
- 48.14 Non payment by consumers
- 48.15 Non payment by Consumers
- 48.16 As a result of unspent conditional grant
- 48.17 Increased due to donation by Gert Sibande District Municipality and Department of Cooperative Governance and Traditional affairs
- 48.18 Due to low revenue collection
- 48.19 As result of project not yet completed
- 48.20 Not accounted for in the budget process
- 48.21 provision for long employee benefit and land fill site
- 48.22 Actual grants recognised as revenue
- 48.22(1) Revenue collected less than anticipated
- 48.23 Increased due to high property transfers in terms of clearance certificate
- 48.24 Donation by Gert Sibande District and Department of Cooperative Governance and Traditional affairs
- 48.25 Loss due to aged infrastructure
- 48.26 Increased due to derecognised assets
- 48.27 Due to low revenue collection hence increased in creditors